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ABSTRACT

Application forms for the Basic Educational Opportunity Grant (BEOG) program for 1979-1980 were compared to 1978 tax forms filed with the Internal Revenue Service (IRS). Comparisons were also made to data from similar 1974-1975 and 1976-1977 studies. Based on a sample of 407,596 applicants, findings include the following: between 1976-1977 and 1979-1980, low income applicants (under $4,000) showed decreases in reporting accuracy for adjusted gross income (AGI), while those with incomes above 12,500 showed decreases in the accuracy of BEOG-reported AGI; during 1979-1980, 64 percent of the sample reported AGI within within $50 of Internal Revenue Service reported data; income was underreported by over $5,000 more often by nonrecipients than by recipients; AGI underreporting was higher for independent students than for dependent students; BEOG-reported figures and IRS data on household size were identical for 72 percent of applicants; 75 percent of all applicants' IRS-based Student Eligibility Indexes (SEIs) were within 50 points of their BEOG SEIs; and 31 percent of all very low income applicants (under $1,000) evidenced IRS-based SEIs that were over 500 points higher than their BEOG SEIs. Information is also provided on the effects of edits and pre-award validation. Statistical findings are included in approximately 100 tables. (SW)

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1979-80 INTERNAL REVENUE SERVICE COMPARISON STUDY

Final Report

February 4, 1982

Prepared for: Office of Student Financial Assistance
U.S. Department of Education

Contract No. 30-79-0742

TABLE OF CONTENTS

Chapter		Page
	REPORT SUMMARY	ix
1	INTRODUCTION AND METHODOLOGY	1.1
	Background	1.1
	Objectives of The 1979-80 IRS Comparison Study and Report Organization	1.2
	Study design	1.3
	Results of IRS/BEOG Match Procedures	1.7
	Limitations of The Study	1.10
2	COMPARISON OF THE 1976-77 and 1979-80 IRS/BEOG STUDIES	2.1
		2.1
	Discrepancies in Adjusted Gross Income (AGI)	2.2
	Federal Income Tax Discrepancies	2.6
	Household Size Discrepancies	2.6
	Impact of Misreporting on Student Eligibility Indices	2.7
	Conclusions	2.9
3	DETAILED 1979-80 IRS/BEOG DISCREPANCIES BY FIELD	3.1
	Accuracy of BEOG-Reported Adjusted Gross Income	3.1
	Accuracy of BEOG-Reported Federal Income Taxes	3.5
	Accuracy of BEOG-Reported Household Size	3.9
	The Impact of Misreporting on Student Eligibility Indices	3.12
	The Impact of Misreporting on Payments	3.15
4	EFFECT OF EDITS ON ACCURACY OF BEOG-REPORTED DATA	4.1
	Impact of Solicited and Unsolicited Corrections on Eligibility Indices	4.2
	Impact of Solicited and Unsolicited Corrections on Award	4.4
	Rejection Comments and Accuracy of BEOG-Reported Data	4.9
5	EFFECT OF PRE-AWARD VALIDATION (PAV) ON ACCURACY OF BEOG-REPORTED DATA	5.1
	Accuracy of BEOG-Reported Adjusted Gross Income for PAV Applicants	5.2
	Discrepancies in Federal Income Taxes for PAV Applicants	5.5

TABLE OF CONTENTS

Chapter		Page
	Discrepancies in BEOG-Reported Household Size for PAV Applicants	5.7
	The Impact of Misreporting on SEIs for PAV Applicants	5.10'
	The Impact of Misreporting on Payments for PAV Applicants	5.13
	Validity of Corrected Data for PAV Recipients	5.16
6	REPORTING ACCURACY OF SUPPLEMENTAL APPLICANTS	6.1
	Accuracy of BEOG Reported AGI for Supplemental Applicants	6.1
	Effect of Misreporting on SEI and Award	6.3
	Comparison of 1974-75, 1976-77 and 1979-80 Study Findings for Supplemental Applicants	6.5
	Comparison of Overall Misreporting by Supplemental and Regular Applicants	6.7
	Effect of Edits on The Accuracy of BEOG-Reported Data for Supplemental Applicants	6.11
	APPENDIX A: DETAILED MATCH RATES (IN PERCENTS)	
	APPENDIX B: DETAILED IRS/BEOG DISCREPANCIES BY FIELD	
	APPENDIX C: DETAILED DISCREPANCIES AFTER SOLICITED AND UNSOLICITED CORRECTIONS	
	APPENDIX D: DETAILED IRS/BEOG DISCREPANCIES BY FIELD FOR PAV APPLICANTS	

LIST OF TABLES

Table		Page
1.1	DISTRIBUTION OF KEY SAMPLED CHARACTERISTICS (UNWEIGHTED DATA)	1.6
1.2	MATCH RATES FOR 1979-80 IRS/BEOG COMPARISON STUDY (IN PERCENTS)	1.8
1.3	COMPARISON OF IRS/BEOG MATCH RATES BETWEEN THE 1976-77 AND 1979-80 COMPARISON STUDIES	1.9
2.1	ACCURACY OF ADJUSTED GROSS INCOME: FOR ALL REGULAR BEOG APPLICANTS	2.4
2.2	ACCURACY OF ADJUSTED GROSS INCOME: FOR ALL REGULAR ELIGIBLE APPLICANTS	2.5
3.1	DISCREPANCIES IN ADJUSTED GROSS INCOME BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE	3.2
3.2	DISCREPANCIES IN ADJUSTED GROSS INCOME SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY INCOME RANGES: TOTAL SAMPLE	3.3
3.3	DISCREPANCIES IN ADJUSTED GROSS INCOME: DEPENDENT RECIPIENTS	3.4
3.4	DISCREPANCIES IN ADJUSTED GROSS INCOME: INDEPENDENT RECIPIENTS	3.4
3.5	DISCREPANCIES IN FEDERAL INCOME TAX BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE	3.5
3.6	DISCREPANCIES IN FEDERAL INCOME TAXES: TOTAL SAMPLE . .	3.6
3.7	DISCREPANCIES IN FEDERAL INCOME TAXES: DEPENDENT RECIPIENTS	3.7
3.8	DISCREPANCIES IN FEDERAL INCOME TAX: INDEPENDENT RECIPIENTS	3.8
3.9	DISCREPANCIES IN HOUSEHOLD SIZE BY RECIPIENT AND DEPENDENT STATUS: TOTAL SAMPLE	3.9
3.10	DISCREPANCIES IN HOUSEHOLD SIZE: TOTAL SAMPLE	3.10
3.11	DISCREPANCIES IN HOUSEHOLD SIZE: DEPENDENT RECIPIENTS	3.11

LIST OF TABLES (Continued)

Table		Page
3.12	DISCREPANCIES IN HOUSEHOLD SIZE: INDEPENDENT RECIPIENTS	3.12
3.13	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE	3.13
3.14	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY INCOME RANGES: TOTAL SAMPLE	3.14
3.15	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE	3.15
3.16	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA	3.16
4.1	DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: TOTAL SAMPLE	4.3
4.2	DISCREPANCIES FOUND IN STUDENT ELIGIBLITY INDICES AFTER CORRECTIONS MADE BY RECIPIENT STATUS	4.5
4.3	DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTIONS MADE: TOTAL SAMPLE	4.6
4.4	DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTIONS MADE BY RECIPIENT STATUS	4.8
4.5	THE ACCURACY OF DATA RE-SUBMITTED BY APPLICANTS RECEIVING REJECTION COMMENTS: TOTAL SAMPLE	4.9
5.1	DISCREPANCIES IN ADJUSTED GROSS INCOME BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS	5.3
5.2	DISCREPANCIES IN ADJUSTED GROSS INCOME: TOTAL PAV APPLICANTS	5.4
5.3	DISCREPANCIES IN FEDERAL INCOME TAX BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS	5.5
5.4	DISCREPANCIES IN FEDERAL INCOME TAXES: TOTAL PAV APPLICANTS	5.6
5.5	DISCREPANCIES IN HOUSEHOLD SIZE BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS	5.7

LIST OF TABLES (Continued)

Table		Page
5.6	DISCREPANCIES IN HOUSEHOLD SIZE: TOTAL PAV APPLICANTS	5.9
5.7	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS	5.11
5.8	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY BEOG-REPORTED INCOME RANGES: TOTAL PAV APPLICANTS	5.12
5.9	DISCREPANCIES IN PAYMENT BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS	5.13
5.10	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: TOTAL PAV APPLICANTS	5.14
5.11	CHANGES IN DATA VALIDITY FROM SELECTION FOR VALIDATION TO POST-SELECTION FOR PAV RECIPIENTS	5.17
6.1	DISCREPANCIES IN ADJUSTED GROSS INCOME BY RECIPIENT STATUS FOR SUPPLEMENTAL APPLICANTS	6.2
6.2	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY RECIPIENT STATUS FOR SUPPLEMENTAL APPLICANTS	6.4
6.3	DISCREPANCIES IN PAYMENT BY RECIPIENT STATUS FOR SUPPLEMENTAL APPLICANTS	6.5
6.4	AGI DISCREPANCIES FOUND IN 1974-75 AND 1979-80 IRS/BEOG STUDIES	6.6
6.5	SEI DISCREPANCIES FOUND IN 1974-75, 1976-77, AND 1979-80 IRS/BEOG STUDIES	6.7
6.6	DISCREPANCIES IN ADJUSTED GROSS INCOME BY RECIPIENT STATUS FOR SUPPLEMENTAL AND REGULAR APPLICANTS	6.8
6.7	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY RECIPIENT STATUS FOR SUPPLEMENTAL AND REGULAR APPLICANTS	6.9
6.8	DISCREPANCIES IN PAYMENT BY RECIPIENT STATUS FOR SUPPLEMENTAL AND REGULAR APPLICANTS	6.10
6.9	DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: SUPPLEMENTAL APPLICANTS	6.12

LIST OF TABLES (Continued)

Table		Page
6.10	DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTIONS MADE: SUPPLEMENTAL APPLICANTS	6.14
	APPENDIX A	
A.1	MATCH RATES FOR DEPENDENT AND INDEPENDENT APPLICANTS (TOTAL SAMPLE)	A.1
A.2	MATCH RATES FOR RECIPIENTS (TOTAL SAMPLE)	A.2
A.3	MATCH RATES FOR NON-RECIPIENTS (TOTAL SAMPLE)	A.3
A.4	MATCH RATES FOR SUPPLEMENTAL AND REGULAR APPLICANTS . .	A.4
A.5	MATCH RATES FOR PAV APPLICANTS	A.5
	APPENDIX B	
B.1	DISCREPANCIES IN ADJUSTED GROSS INCOME BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE	B.1
B.2	DISCREPANCIES IN ADJUSTED GROSS INCOME SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY BEOG-REPORTED INCOME RANGES: TOTAL SAMPLE	B.2
B.3	DISCREPANCIES IN ADJUSTED GROSS INCOME: DEPENDENT RECIPIENTS	B.3
B.4	DISCREPANCIES IN ADJUSTED GROSS INCOME: INDEPENDENT RECIPIENTS	B.4
B.5	DISCREPANCIES IN FEDERAL INCOME TAX BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE	B.5
B.6	DISCREPANCIES IN FEDERAL INCOME TAXES: TOTAL SAMPLE . .	B.6
B.7	DISCREPANCIES IN FEDERAL INCOME TAXES: DEPENDENT RECIPIENTS	B.7
B.8	DISCREPANCIES :IN FEDERAL INCOME TAX: INDEPENDENT RECIPIENTS	B.8
B.9	DISCREPANCIES IN HOUSEHOLD SIZE BY RECIPIENT AND DEPENDENT STATUS: TOTAL SAMPLE	B.9

LIST OF TABLES (Continued)

Table		Page
B.10	DISCREPANCIES IN HOUSEOLD SIZE: TOTAL SAMPLE	B.10
B.11	DISCREPANCIES IN HOUSEHOLD SIZE: DEPENDENT RECIPIENTS	B.11
B.12	DISCREPANCIES IN HOUSEHOLD SIZE: INDEPENDENT RECIPIENTS	B.12
B.13	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE	B.13
B.14	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY BEOG-REPORTED INCOME RANGES: TOTAL SAMPLE	B.14
B.15	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY BEOG-REPORTED INCOME RANGES: DEPENDENT RECIPIENTS . .	B.15
B.16	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA, BY BEOG-REPORTED INCOME RANGES: INDEPENDENT RECIPIENTS . .	B.16
B.17	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE	B.17
B.18	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: TOTAL SAMPLE	B.18
B.19	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: DEPENDENT RECIPIENTS	B.19
B.20	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: INDEPENDENT RECIPIENTS	B.20

APPENDIX C

C.1	DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: TOTAL SAMPLE	C.1
C.2	DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: RECIPIENTS	C.2
C.3	DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: NON-RECIPIENTS	C.3

LIST OF TABLES (Continued)

Table		Page
C.4	DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTIONS MADE: TOTAL SAMPLE	C.4
C.5	DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTIONS MADE: RECIPIENTS	C.5
C.6	DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTIONS MADE: NON-RECIPIENTS	C.6
C.7	THE ACCURACY OF DATA RE-SUBMITTED BY RECIPIENTS AND NON-RECIPIENTS RECEIVING REJECTION COMMENTS	C.7
	APPENDIX D	
D.1	DISCREPANCIES IN ADJUSTED GROSS INCOME BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS . .	D.1
D.2	DISCREPANCIES IN ADJUSTED GROSS INCOME BY BEOG-REPORTED INCOME RANGES: TOTAL PAV APPLICANTS	D.2
D.2	DISCREPANCIES IN FEDERAL INCOME TAX BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS	D.3
D.3	DISCREPANCIES IN FEDERAL INCOME TAXES: TOTAL PAV APPLICANTS	D.4
D.5	DISCREPANCIES IN HOUSEHOLDS SIZE BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS	D.5
D.6	DISCREPANCIES IN HOUSEHOLD SIZE: TOTAL PAV APPLICANTS	D.6
D.7	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS . .	D.7
D.8	DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY BEOG-REPORTED INCOME RANGES: TOTAL PAV APPLICANTS . . .	D.8
D.9	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY DEPENDENCY STATUS: PAV APPLICANTS AND RECIPIENTS	D.9
D.10	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: TOTAL PAV APPLICANTS	D.10

THE ACCURACY OF BEOG-REPORTED ADJUSTED GROSS INCOME: A COMPARISON OF THE 1976-77 AND 1979-80 IRS/BEOG COMPARISON STUDIES

- Between 1976-77 and 1979-80, low income applicants (under $4,000) evidenced a decrease in reporting accuracy for adjusted gross income (67% compared to 52% reported AGI within $200 of IRS figures); middle income applicants ($4,000 - $12,499) exhibited relatively stable rates of reporting accuracy; and those with higher incomes showed decreases in the accuracy of BEOG-reported adjusted gross income. The following table summarizes the comparison of the 1974-75, 1976-77, and 1979-80 studies with respect to income data:

ACCURACY OF BEOG-REPORTED ADJUSTED GROSS INCOME	Total			Eligible Applicants			Ineligible Applicants		
	1974-75 %	1976-77 %	1979-80 %	1974-75 %	1976-77 %	1979-80 %	1974-75 %	1976-77 %	1979-80 %
Underreported (IRS>BEOG)	13.0	17.2	21.8	16.5	22.8	20.4	8.4	10.0	17.1
Accurate (± 200)	81.5	76.0	71.2	77.7	69.9	73.0	86.7	84.0	74.0
Overreported (BEOG>IRS)	5.4	6.7	7.0	5.8	7.3	6.3	4.9	6.0	8.9

- Among eligible applicants, both dependent and independent students exhibited increases in AGI reporting accuracy between 1976-77 and 1979-80. In 1976-77, BEOG-reported income was within $200 of IRS-reported income at the rate of 72 percent for eligible dependents and 66 percent for eligible independents. In 1979-80, the comparable rates were 74 percent and 69 percent, respectively. (See page 2.3.)

DETAILED 1979-80 IRS/BEOG DISCREPANCIES

Adjusted Gross Income

- During 1979-80, 64 percent of all applicants for whom IRS/BEOG matches were obtained reported adjusted gross income within $50 of IRS-reported data. Low income applicants were less accurate than higher income applicants: 39 percent of the applicants reporting incomes of under $1,000 to BEOG reported incomes at least $5,000 higher to IRS. (See Table B.2, page B.2.)

- Income was underreported by over $5,000 more often by nonrecipients (9%) than by recipients (3%). Among nonrecipients, dependent and independent students underreported income at comparable rates (29%); among recipients, the rate of AGI under reporting was higher for independent students (34%) than for dependent students (23%). (See Table B.1, page B.1.)

Federal Income Taxes

- BEOG-reported income taxes were within $50 of IRS data for 68 percent of all applicants, and within $200 of IRS data for 78 percent of all applicants. High income applicants ($25,000 and above) were the least accurate in reporting tax data, with equal proportions (10%) overreporting and underreporing taxes by more than $500. Dependent students were less accurate in reporting taxes than independent students, and accuracy rates for nonrecipients were lower than rates for recipients. (See Tables B.5 and B.6, pages B.5 and B.6.)

Household Size

- BEOG-reported figures and IRS data on household size were identical for 72 percent of all applicants; IRS/BEOG data were within ± one person for 92 percent of all applicants. Very low income applicants (under $1,000) had the lowest accuracy rate (58%), with most misreporting fairly evenly divided between plus and minus one person of IRS tax exemption figures. Also, recipients and dependent students were less accurate than nonrecipents and independent students. Among recipients, no IRS/BEOG discrepancy was found for 66 percent of dependents compared to 82 percent of independents. Among nonrecipients, comparable rates were 69 percent and 83 percent, respectively. (See Tables 3.9 and 3.10, pages 3.9 and 3.10.)

Impact on Eligibility Indices

- Substituting IRS-reported adjusted gross income and federal tax data for BEOG-reported data, 75 percent of all applicants' IRS-based SEIs were within 50 points of their BEOG SEIs. However, 31 percent of all very low income applicants (under $1,000) evidenced IRS-based SEIs which were over 500 points higher than their BEOG SEIs. In addition, 13 percent of all independent students had IRS-based SEIs over 500 points higher than BEOG SEIs, regardless of recipient status. (See Tables 3.13 and 3.14, pages 3.13 and 3.14.)

Impact on Award Amounts

- When IRS data were substituted for BEOG data, 83 percent of all applicants had no change in award amount; 87.5 percent had IRS-based awards within $50 of BEOG payments. Recipients evidenced no payment discrepancy less often than nonrecipients (79% compared to 88%). Overawards of $500 or more were indicated for 5 percent of all recipients; the comparable rate for dependent recipients was 3 perent compared to 10 percent for independent recipients. (See Table 3.15, page 3.15.)

- Very low income applicants (under $1,000) were most likely to show substantial payment discrepancies in the direction of overawards: 15 percent of this income group evidenced BEOG payments over $1,000 more than IRS-based payment amounts. (See Table 3.16, page 3.16.)

REPORTING ACCURACY AMONG SPECIAL STUDY GROUPS: VALIDATION AND SUPPLEMENTAL APPLICANTS

Pre-award Validation (PAV) Applicants

- At all income levels, PAV applicants reported adjusted gross income and federal taxes more accurately than applicants in general. BEOG-reported adjusted gross income was within $50 of IRS data for 76 percent of validation recipients compared to 67 percent of recipients in general; BEOG-reported tax data was within $50 of IRS data for 78 percent of PAV recipients compared to 71 percent of recipients overall. However, for household size, IRS and BEOG data were identical for 68 percent of PAV recipients, compared to 70% percent of recipients in general. Also, PAV applicants with incomes of $12,500 and above over-reported household size by two or more people at nearly twice the rate of applicants in general.

- Relative to findings for applicants overall, a larger proportion of PAV applicants at all income levels had BEOG SEIs within 50 points of IRS-based SEIs. However, 29 percent of the very low income validation applicants (under $1,000) evidenced IRS-based SEIs over 500 points higher than BEOG SEIs. (See Table 5.8, page 5.12.)

- The effect of misreporting on payment is slightly less for validation applicants, particularly recipients, than for applicants in general. Some 86 percent of PAV recipients compared to 79 percent of recipients overall were found to have identical IRS-based and BEOG payment amounts. This occurred at all but the highest income level, where PAV applicants were slightly more inclined than applicants overall to have payment discrepancies of up to $200. However, 4 percent of PAV recipients still received overawards of $500 or more, indicating that validation was not as effective as desired. (See Table 5.9, page 5.13.)

Supplemental Aplicants

- Supplemental applicants reported adjusted gross income far less accurately than regular applicants. Income was underreported by more than $200 by 75 percent of supplemental applicants compared to 20 percent of regular applicants. As a result, almost 40 percent of supplementals received overawards exceeding $200, compared to only 7 percent of regular recipients.

EFFECT OF EDITS AND PRE-AWARD VALIDATION

Effect of Edits and Unsolicited Corrections on SEI and Award

- BEOG SEIs were within 50 points of IRS-based SEIs more frequently when corrections to application data were solicited by edits than when unsolicited corrections were made. For adjusted gross income, the rates were 81 percent for solicited corrections compared to 73 percent for unsolicited corrections. Comparable rates for tax data were 77 percent and 72 percent, respectively; and for household size the comparable rates were 81 percent and 71 percent, respectively. (See Table 4.1, page 4.3.)

- BEOG payment amounts were within $50 of IRS-based amounts more frequently when corrections to all three fields were solicited by edits than when corrections were unsolicited. Corrections made to application data in response to edits were associated with a smaller number of overawards, particularly overawards in excess of $500, than unsolicited corrections. (See Table 4.3, page 4.6.)

Rejection Comments and Data Accuracy

- Over 97 percent of all applicants receiving rejection comments concerning adjusted gross income, taxes, or household size re-entered the processing system, and the majority responded to rejection comments in ways that increased data accuracy. Although on the average resubmitted data were still discrepant with IRS data, these discrepancies were reduced among those who did not change their data as well as among those who did. Nonrecipients evidenced less accurate data than recipients, both at comment and after resubmission. (See Table 4.5, page 4.9.)

Changes in Data Validity for PAV Recipients

- When changes in data validity occurring between selection for validation and subsequent transactions were examined, the majority of PAV recipients were found to already have valid adjusted gross income, tax, and/or household size data when they were selected for validation. As a result, IRS-based SEIs and BEOG SEIs were identical for 57 percent of PAV recipients at selection, and IRS/BEOG awards were equal for 77 percent at selection. For about 14 percent of PAV recipients, data were neither valid at selection nor post-selection. (See Table 5.11, page 5.17.)

- Pre-established criteria (PEC) were more effective than random selection in identifying applicants for whom validation was needed. At selection, 80 percent of PAV recipients in the random group evidenced identical IRS/BEOG award amounts compared to 77 percent of those in the PEC group. For the 23 percent of

PAV recipients who did not have identical BEOG and IRS-based awards at selection, recipients selected according to PEC were slightly more likely than those selected at random to evidence valid awards post-selection (9% compared to 8%).

RECOMMENDATIONS

- OSFA plans to require tax returns to be filed with applications in the 1982-83 school year. Since the IRS Comparison Study has proved a cost-effective way to monitor reporting accuracy, a comparison in subsequent years would be useful to assess the effect of this new application process on data accuracy.

- Although study findings indicate an apparent lack of effectiveness of the validation process, the implementation of validation procedures by institutions has not been examined specifically. A detailed study assessing actual validation practices would be desirable both to ascertain why validation has not produced desired results and to test possible alternative validation approaches.

- The reporting accuracy of supplemental applicants has continued to decrease and study findings indicate that excessive overpayments have been made to this applicant group. It would be desirable to continue monitoring the accuracy of data provided by supplementals and to explore alternative methods of processing these applications.

1

INTRODUCTION AND METHODOLODY

BACKGROUND

Since 1976 the Office of Student Financial Assistance (OSFA) has conducted a series of quality control studies to assure that funds are dispersed under the Basic Educational Opportunity Grant (BEOG) program in accordance with legislation and program regulations. These studies have examined the accuracy of information reported on Basic Grant application forms that is used to determine applicant need for financial assistance. The basis for several such studies has been comparison of Basic Grant applications with tax returns filed with the Internal Revenue Service (IRS). Information reported to BEOG should be the same as information reported to IRS. Assuming that IRS data are accurate, comparison of BEOG and IRS data reveals the extent to which program funds have been disbursed in accordance with actual needs for financial aid.

This report presents the findings of the most recent IRS/BEOG comparison study, comparing 1979-80 Basic Grant applications with 1978 Federal tax returns. Two previous comparison studies were conducted: the first, in 1976, compared 1974-75 Basic Grant applications with 1973 tax returns; the second, in 1979, compared 1976-77 Basic Grant applications with 1975 tax returns.* This series of comparison studies

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* Kuchak, JoAnn, Internal Revenue Service Comparison Study, prepared persuant to Office of Education Contract No. 300-75-0227 for the Division of Basic and State Student grants, Applied Management Sciences, Inc., 1976.

Kuchak, JoAnn, Internal Revenue Service Comparison Study, prepared pursuant to Office of Education Contract No. 300-76-0354 for the Division of Quality Assurance, Applied Management Sciences, Inc., 1979.

has permitted determination of changes in reporting accuracy occurring over time. In addition, each study has examined particular issues concerned with quality control procedures undertaken by OSFA.

OBJECTIVES OF THE 1979-80 IRS COMPARISON STUDY AND REPORT ORGANIZATION

The 1979-80 IRS/BEOG Comparison Study addressed five primary objectives:

- Assessing changes in applicant reporting accuracy since 1976-77.
  Consistent with earlier efforts, the current study replicated several analyses of the 1976-77 comparison study to determine if any longitudinal changes have occurred during the ensuing three years.
- Analyzing current discrepancies between 1979 BEOG data and IRS data.
  This study was designed also to provide detailed information about recent trends in application accuracy, including the accuracy of specific data fields and the consequent effect on student eligibility indices and grant awards.
- Assessing the effect of the processing edit system on the accuracy of BEOG application data (applicant correction behavior).
  A third issue addressed by the current study was determining what effect the automated editing system has had on the accuracy of BEOG application information. This study question was of special concern because the processing edits were altered considerably for the 1978-79 processing year to review applicant data more rigorously.
- Determining the effect of pre-award validation on the accuracy of BEOG application data.
  Because the current pre-award validation (PAV) process was not in effect during the 1976-77 study period, the impact of PAV on application accuracy was of particular interest during the current study. In addition, the interaction effects of validation and processing edits were examined to determine the overall effectiveness of these quality control procedures.
- Assessing the reporting accuracy of supplemental applicants.
  The discrepancies between IRS data and supplemental application data were analyzed to determine whether this category of applicants differs in reporting behavior from regular BEOG applicants. In addition, supplemental application data (analyzed in detail in the 1976-77 Comparison Study) was examined in the current study to assess the effect of processing edits on reporting accuracy.

The study findings in relation to each of the objectives noted above are presented in separate chapters of this report. The remainder of this

chapter provides an overview of the methodological approach used in the current study. In addition to study design, the results of procedures used to match BEOG applications with tax returns and the limitations of this study are briefly discussed. Chapter 2 presents a comparison of the overall data accuracy found in the 1976-77 IRS/BEOG study with the results of this 1979-80 study. Detailed analyses of the 1979-80 IRS/BEOG discrepancies are discussed in Chapter 3. An examination of the effects of processing edits on data accuracy follows in Chapter 4. Chapter 5 discusses the reporting of accuracy validation applicants. The report concludes with a discussion in Chapter 6 of the error rates for supplemental applicants. Tables presented in each chapter highlight key study findings; more detailed tables are contained in appendices referenced in the Table of Contents.

STUDY DESIGN

The basic design of the current study paralled that implemented for the 1976 comparison study. Applied Management Sciences selected a probability sample of all persons who applied for a Basic Grant during the 1979-80 application year. With the cooperation of the Internal Revenue Service, this applicant sample was matched with 1978 federal income tax returns. Selected items on the Basic Grant application and tax records were then merged to create a data base for comparing information reported on the two forms. This data base also enabled student eligibility indices to be recalculated by substituting IRS data on income and taxes for BEOG application data. All applicant characteristics presented here were based on data reported to BEOG and to IRS, not on verified data. Except where noted, all data presented here are weighted. All data analyses in this report were conducted through contingency tables. Influential tests of significance of measures of statistical association were not conducted. Every given estimate has a statistical variance no greater than ±5 percent and usually much less.

Data Confidentiality

The IRS/BEOG Comparison Studies were strictly statistical studies yielding aggregate data that cannot be linked to any individuals. To protect individuals' right of privacy, automated data processing

procedures were used to remove all personal identifiers from the final data file containing matched BEOG and IRS records. Thus, the study data cannot be used for validation or compliance purposes. The data serve exclusively to provide an overview of the accuracy of application data upon which awards were distributed.

Study Sample

The study sample was stratified in terms of the following variables:

- recipient status
  - recipients of Basic Grants
  - non-recipients
- eligibility status
  - eligible applicants
  - ineligible applicants
- dependency status
  - dependent applicants
  - independent applicants
- application type
  - applicants submitting supplemental BEOG applications
  - applicants submitting regular applications
- validation status
  - applicants selected for validation
    - -- selected according to pre-established criteria
    - -- selected at random
  - non-validation applicants
- income level (as reported to BEOG)
  - less than $1000
  - $1000-1999
  - $2000-2999
  - $4000-6999
  - $7000-12,499
  - $12,500-14,999
  - $15,000-17,499
  - $17,500-25,000
  - $25,000 or more

- corrections status
  - corrections to adjusted gross income
  - corrections to federal income taxes paid
  - corrections to household size
- corrections behavior
  - applicants not making corrections
  - applicant corrections made upon solicitation
  - applicant corrections made without solicitation
  - mixed applicant corrections made (with and without solicitation)

Records were selected from each of the first five stratum listed above such that stratum-specific estimates could be generated with a maximum variance of ± 5 percent with a 95 percent level of confidence. The result of this sampling strategy was a prematch sample of 407,596 BEOG applicants from a universe of over four million. Each stratum was then weighted to reflect the proportion of people sampled relative to the total population within each stratum.

Table 1.1 highlights the distribution of key sampled characteristics, including recipient, dependency and PAV status. It should be noted that a proportionately higher percentage of validation applicants was selected than was the case for other stratum to assure accurate estimates on this study group.

Study Variables

The following variables were considered key to the comparison of IRS and BEOG records:

From IRS Returns

- adjusted gross income
- federal income tax
- number of exemptions
- filing status
- date of filing
- presence/absence of data on prior IRS record (tax return "module")

TABLE 1.1: DISTRIBUTION OF KEY SAMPLED CHARACTERISTICS (UNWEIGHTED DATA)

	UNIVERSE	% OF ALL BEOG APPLICANTS	SAMPLE	% OF STUDY SAMPLE
Total Applicants	3,509,583	100	407,596	100
Recipients				
- dependent	1,383,288	39.4	157,960	38.8
- independent	658,954	18.8	91,691	22.5
Non-recipients				
- dependent	894,458	25.5	93,340	22.8
- independent	572,883	16.3	64,605	15.9
Regular Applicants				
- dependent	2,262,774	64.5	242,398	59.5
- independent	1,192,534	34.0	129,767	31.8
Supplemental Applicants				
- dependent	14,972	0.4	8,902	2.2
- independent	39,303	1.1	26,529	6.5
Validation Applicants	233,787	6.7	89,691	22.0
Nonvalidation Applicants	3,275,796	93.3	317,905	78.0

From Basic Grant Applications:

- all data elements that are included in the calculation of award amount
- presence/absence, type and timing of corrections
- presence/absence of edit comments
- rejection/non rejection of initial application
- selection for validation
- date of application

For analysis purposes, the major independent variables included recipient status, dependency status, eligibility status, income (as reported to BEOG), SEI and award. Dependent variables included, for most purposes, magnitude of IRS/BEOG discrepancies with respect to income, federal taxes and household size and the resulting changes in SEI and award when IRS data were substituted for comparable BEOG data on students' applications.

Definitions of Data Accuracy

In general, application data in the current study was considered accurate when BEOG values on income and on taxes were within ±50 of IRS values, and when BEOG and IRS figures on household size were the same. For student eligibility indices and award amounts, data were considered comparable when BEOG values were within ±50 of IRS-based values. When reporting trends over time were examined, less restrictive definitions of accuracy were used, as noted, to permit comparisons with data from earlier IRS/BEOG studies.

RESULTS OF IRS/BEOG MATCH PROCEDURES

IRS/BEOG maches were obtained for 69.4 percent of the total applicants in the study sample (weighted sample size = 3,509,503). A match was defined by first, concurrence of parent's social security number (or applicant's social security number in the case of independent students) and then by the presence of adjusted gross income, taxes paid and household size on the IRS record. Table 1.2 presents the match rates for the current study.

TABLE 1.2: MATCH RATES FOR 1979-80 IRS/BEOG COMPARISON STUDY (IN PERCENTS)

		DROPPED FROM SAMPLE			TOTAL DROPPED	
INCOME	WEIGHTED SAMPLE SIZE	NO SSN (on BEOG Record)	NO IRS RETURN FILED	IRS RETURN FILED BUT DATA MISSING	NO MATCH TOTAL	GOOD MATCH TOTAL
Less than $1000	708,547	4.9	39.1	33.8	77.9	22.0
$ 1,000 - 1,999	136,500	2.0	10.5	26.6	39.2	60.7
$ 2,000 - 3,999	283,907	2.6	10.3	18.3	31.3	68.6
$ 4,000 - 6,999	393,185	3.8	9.9	11.6	25.3	74.6
$ 7,000 - 12,499	569,464	4.1	6.1	7.5	18.1	81.8
$12,500 - 14,999	203,256	4.1	3.9	5.5	13.6	86.3
$15,000 - 17,499	195,840	4.5	2.8	4.7	12.1	87.8
$17,500 - 25,000	522,555	3.9	2.0	3.4	9.3	90.6
$25,000 or More	431,796	3.6	1.4	2.7	7.U	92.1
Missing	64,533	40.9	8.9	11.7	61.6	38.3
TOTAL	3,509,583	4.6	12.2	13.5	30.5	69.4

This match rate is similar to the that obtained in the 1976-77 Comparison Study (68.7%). Of the cases for which IRS matches could not be obtained, 65 percent represented applicants reporting annual incomes of less than $4,000 to BEOG; in 1976, 71 percent of the unmatched applicants were in this income range. A possible explanation for this difference is that this low-income group constituted a smaller proportion of the total sample in the current study (32%) than in the 1976 study (40%). However, in both 1976-77 and 1979-80 Comparison Studies, the large majority of unmatched low-income applicants reported earnings of under $1,000 to BEOG.

One major reason for the inability to match Basic Grant applications with IRS records was the large number of low-income applicants not filing tax returns for either of the two years examined. Of the 12.2 percent of the total sample for whom no match was obtained due to the absence of tax records, 60 percent reported annual incomes to BEOG of under $4,000; again, most of this low-income group reported income of under $1,000. A second major reason for the inability to match records was the absence of key data on tax returns that were filed; 13.5 percent of the unmatched applicants failed to report either adjusted gross income and/or taxes paid and/or household size on their IRS tax returns. The majority of people (79%) for whom IRS data were missing reported annual incomes to BEOG of under $4,000.

Table 1.3 presents a more detailed comparison of 1976-77 and 1979-80 IRS/BEOG match rates.

TABLE 1.3: COMPARISON OF IRS/BEOG MATCH RATES BETWEEN THE 1976-77 and 1979-80 COMPARISON STUDIES

Eligible Regular Applicants	Dependent Students 1976-77 %	Dependent Students 1979-80 %	Independent Students 1976-77 %	Independent Students 1979-80 %
Income under $4,000	48.5	26.8	72.0	42.6
$4000 - 6000	72.0	67.9	70.0	78.4
$7000 - 12,499	79.8	79.5	63.1	83.9
$12,500 - 14,999	85.0	85.9	47.9	81.4
$15,000 - 17,499	82.5	87.2	82.5	80.6
$17,500 or more	84.0	90.9	83.7	88.7
TOTAL	67.4	70.9	80.0	54.1

Ineligible Regular Applicants	Dependent Students 1976-77 %	Dependent Students 1979-80 %	Independent Students 1976-77 %	Independent Students 1979-80 %
Income under $4,000	72.0	55.3	87.0	50.5
$4000 - 6000	88.0	81.0	88.0	87.0
$7000 - 12,499	87.9	87.2	69.2	90.0
$12,500 - 14,999	98.0	89.8	51.2	90.1
$15,000 - 17,499	90.0	91.8	47.7	91.6
$17,500 or more	91.0	92.6	48.9	91.1
TOTAL	89.9	91.0	75.9	87.1

Although match rates for the total sample in both studies are comparable, these rates decreased in the current study for applicants reporting low-incomes to BEOG. This decreased rate may, in part, reflect the fact that in the current study a match was defined more strictly than in the 1976-77 study. For the previous study, a match was defined as the concurrence of parent's social security number (or applicant's number when independent) and the first two letters of the parents last name (or applicant's name when independent). In the 1979-80 study, a match required, in addition to the concurrence of the social security number, the presence of specific data in IRS tax record. Another factor that may have contributed to this decline is a change, during the intervening years, in the amount of allowable tax-free adjusted gross income. In 1975, an individual (single and under 65 years of age) was not required to file a federal tax return if adjusted gross income was $2,350 or less. This allowable income shifted to $2,450 in tax year 1976, to $2,950 for years 1977 and 1978, and to $3,300 in 1979 (through 1981). This has permitted a greater number of people in the low-income bracket to legitimately not file an IRS return in more recent years. The 1979-80 study was the first comparison study in which information was compiled on the number of applicants not filing tax returns and the number submitting tax returns with incomplete data. It is recommended that this information be gathered in future IRS/BEOG Comparison Studies to permit a better understanding of the extent to which this factor contributes to the match and discrepancy rates for low income applicants.

Detailed tables in Appendix A present the match rates for the total sample, dependent and independent applicants, recipients, non-recipients, supplemental and regular applicants, and validation applicants.

LIMITATIONS OF THE STUDY

As in earlier comparison studies, a limitation of the 1979-80 study data is the relatively large number of applicants for whom no IRS match was obtained for their Basic Grant application. As in previous IRS/BEOG studies, analyses conducted to determine if the "no match" group differed significantly from the match group indicated that this is unlikely with respect to key study variables.

However, the low match rate among low income applicants requires careful consideration. Study results indicate that low income applicants are among the least accurate of the applicant groups examined, tending to underreport income data to BEOG. Thus, many of the applicants reporting low incomes to BEOG for whom IRS records were matched were not truly within the low income category. Also, since it is likely that many of the applicants reporting low incomes to BEOG for whom IRS records could not be matched did not actually earn enough taxable income to require filing a tax return, it is possible that the no-match low income applicants were more accurate in filling out BEOG applications than their matched counterparts.

These issues imply that data from the current study probably overstate the extent of misreporting by applicants reporting low incomes to BEOG. This potential bias should be taken into account in interpreting study data. However, this potential bias is a relatively minor issue with respect to quality assurance: establishing the "true" incidence of misreporting is of little consequence if a particular study group is found to frequently misreport BEOG application data. This does not necessarily imply, however, that income itself should be a criterion for selection for validation. Previous validation experience has indicated that corrections to SERS submitted by low-income applicants have little effect in general on their eligibility indices. Validation of applicants only on the basis of reported low incomes would likely cost more than the potential program savings that might be realized.

Another potential source of study bias concerns dependent students whose parents were divorced or separated. The 1979-80 BEOG application form requested dependents to fill in the social security number of the parent with whom they reside. This is the first year this information was requested and it may account, in part, for the slight increase this year in the match rate for dependent students. In some cases, however, it is possible that students reported the social security number of the parent not responsible for their educational support under existing Basic Grant regulations. As a result, IRS/BEOG matches may have compared the "wrong" parent data in some instances. This probably occurred infrequently.

Another bias of the study occurs in the recalculation of SEIs substituting IRS data for BEOG application data. SEIs were recalculated by substituting only IRS-reported adjusted gross income and federal tax data for BEOG income and tax data. This recalculation thus excluded household size and other data elements, eg. value of assets, that are considered in Basic Grant eligibility determinations. Although IRS-reported exemptions were available to approximate the effect of family size offsets in this calculation, tax exemptions do not necessarily reflect the actual number of persons in a given household. It was decided, therefore, to recalculate SEIs only on the basis of adjusted gross income and federal income taxes, even though substantial misreporting of household size has been found in previous validation efforts. In most cases, adjusted gross income and federal income taxes should be exactly comparable on Basic Grant applications and IRS tax returns. (In a few instances, IRS reported taxes and BEOG-reported taxes may not be exactly equal because the former may include self-employment taxes, uncollected FICA taxes, etc.) Because household size and other data elements were excluded from SEI recalculations, it is likely that the number and magnitude of discrepancies between IRS and BEOG SEIs will, for some cases, be understated.

A related limitation is found in the recalculation of award amounts using IRS data. SEIs based on IRS data and applicants' school costs served as the basis for award recalculations. An average school cost was assumed when this information was unavailable. Because IRS-based SEIs that exclude data elements were used and because school costs were estimated in some cases, it is likely that discrepancies between IRS and BEOG award amounts will be understated also.

2

COMPARISON OF THE 1976-77 AND 1979-80 IRS/BEOG STUDIES

This chapter presents changes noted in the accuracy of BEOG-reported adjusted gross income, federal income taxes and household size between the 1976-77 comparison study and its 1979-80 replication. The effect on SEI when IRS income and tax data was substituted for BEOG application data is also compared across both studies.

COMPARABILITY OF DATA

Several factors affect the comparability of data resulting from these two studies. The Middle Income Student Assistance Act (MISAA), enacted in 1978, increased the number of students eligible for a minimum grant by raising the income ceiling to $25,000 for a family of four. The 1979-80 study thus reflects a larger proportion of eligible BEOG applicants and includes more students reporting higher incomes than the 1976-77 study. As expected, the proportion of ineligible applicants in the study samples decreased, from 43.5 percent in the 1976-77 study to 25.3 percent in the 1979-80 study.

This legislation also altered the manner in which the resources of independent students are considered in the determination of Basic Grant eligibility, requiring that these be treated in the same way as the parental resources of dependent students. As a result, SEI discrepancy differences between these groups are smaller in the current study than previously.

Another factor affecting comparability of these studies is the institution of new administrative procedures in the 1979-80 application year to tighten edits in the application processing system. Studies of the edits indicate that specific edits appear to be successful because they elicit pre-award corrections to supposed inaccurate data. This more rigorous editing system was not in effect during the 1976-77 study.

Also, pre-award validation procedures were implemented beginning with the 1978-79 application year, thus precluding comparisons between these two studies with respect to validation applicants. The findings of the current study regarding the reporting accuracy of this study group are presented in Chapter 5.

Finally, the current study examined the impact of misreporting on grant award amounts, comparing award amounts resulting from IRS data to BEOG payments of record. These findings are discussed in Chapter 3. However, because BEOG payment data was not available for the earlier study, comparisons between the two studies in this regard cannot be made.

In the discussion that follows, all estimates are based upon weighted values and pertain to regular (non-supplemental) applicants only.

COMPARISON OF DATA DISCREPANCIES

Discrepancies in Adjusted Gross Income (AGI)

The 1979-80 study found that 71.2 percent of all regular applicants reported AGI accurately to BEOG (i.e., within $200 of the amount reported to IRS). This appears to represent a decrease in reporting accuracy compared to the 1976-77 finding that 76 percent of regular applicants reported accurately. Both studies found that misreporting was in the direction of under-reporting AGI to BEOG.

As shown in the following text table, however, this apparent decrease in reporting accuracy with respect to AGI is greatly skewed by the sharp drop in accuracy of ineligible applicants in the 1979-80 study as compared to 1976-77.

ACCURACY OF BEOG-REPORTED ADJUSTED GROSS INCOME	ALL REGULAR APPLICANTS 1976-77 %	ALL REGULAR APPLICANTS 1979-80 %	ELIGIBLE APPLICANTS 1976-77 %	ELIGIBLE APPLICANTS 1979-80 %	INELIGIBLE APPLICANTS 1976-77 %	INELIGIBLE APPLICANTS 1979-80 %
Under-reported (IRS > BEOG)	17.2	21.8	22.8	20.7	10.0	17.1
Accurate (±200)	76.0	71.2	69.9	73.0	84.0	74.0
Over-reported (BEOG > IRS)	6.7	7.0	7.3	6.3	6.0	8.9

Eligible applicants, on the other hand, showed an increase in reporting accuracy since 1976-77, and less frequent under-reporting of income to BEOG. Whereas ineligible applicants were reporting more accurately than eligible in 1976-77, accuracy rates for these two groups in 1979-80 were basically the same. The increased proportion of eligible students in the 1979-80 study, due to the Middle Income Student Assistance Act, is a major consideration in comparing the results of these two studies. Eligible students constituted 72.6 percent of all regular BEOG applicants in the 1979-80 study as compared to 66.6 percent in the earlier study.

When the accuracy of AGI reporting is examined in terms of dependency status, dependent students are seen to be more accurate than independent students in both studies. Improvements since 1976-77 in the reporting accuracy of eligible dependent and independent students is apparent, as shown in the following table.

ACCURACY OF BEOG-REPORTED ADJUSTED GROSS INCOME	1976-77 All Eligibles %	1976-77 Dependent %	1976-77 Independent %	1979-80 All Eligibles %	1979-80 Dependent %	1979-80 Independent %
Under-Reported (IRS > BEOG)	22.8	20.8	27.0	20.7	18.6	26.2
Accurate (±200)	69.9	71.6	66.4	73.0	74.4	69.3
Over-Reported (BEOG > IRS)	7.3	7.6	6.7	6.3	7.1	4.5
TOTAL	100.0	67.2	32.8	100.0	71.0	29.0

Examination of the accuracy of reporting in terms of income level reported to BEOG reveals a substantial decline in accuracy between 1976-77 and 1979-80 among applicants reporting incomes under $4,000. As indicated on Table 2.1, the accuracy of those reporting mid-level incomes ($4,000-$12,499) remains stable between 1976-77 and 1979-80, and decreases among applicant reporting higher incomes.

TABLE 2.1: ACCURACY OF ADJUSTED GROSS INCOME: FOR ALL REGULAR BEOG APPLICANTS

	BEOG REPORTED AGI 1976-1977)						
	Total %	Less than $4,000 %	$4,000-$6,999 %	$7,000-12,499 %	$12,500-$14,999 %	$15,000-$17,499 %	$17,500+ %
Under-Reported (IRS BEOG)	17.2	28.6	15.3	16.3	12.7	12.5	9.1
Accurate (±$200)	76.0	64.9	75.8	77.0	82.1	82.3	84.3
Over-Reported (BEOG > IRS)	6.7	6.4	8.9	6.8	5.2	5.2	6.6
Total	99.0	24.4	16.0	12.1	9.5	8.8	17.1

	BEOG REPORTED AGI (1979-1980)						
	Total %	Less than $4,000 %	$4,000-$6,999 %	$7,000-12,499 %	$12,500-$14,999 %	$15,000-$17,499 %	$17,500+ %
Under-Reported (IRS BEOG)	21.8	41.6	17.6	16.4	14.9	16.0	16.9
Accurate (±$200)	71.2	51.5	75.6	76.6	77.6	77.3	74.5
Over-Reported (BEOG > IRS)	7.0	4.5	6.7	7.0	7.5	6.7	8.6
Total	100.0	17.4	12.0	19.3	7.3	7.2	36.6

Looking at eligible applicants, accuracy decreases since 1976-77 among those reporting low incomes, improves among those reporting mid-level incomes, and remains stable among applicants reporting higher incomes. This is presented in Table 2.2. In both studies, misreporting is predominantly under-reporting of income to BEOG.

TABLE 2.2: ACCURACY OF ADJUSTED GROSS INCOME: FOR REGULAR ELIGIBLE APPLICANTS

		BEOG-Reported AGI (1976-1977)					
	Total %	Less than $4,000 %	$4,000-$6,999 %	$7,000-12,499 %	$12,500-$14,999 %	$15,000-$17,499 %	$17,500+ %
Under-Reported (IRS>BEOG)	22.8	31.2	17.5	19.4	16.8	15.8	17.4
Accurate (±$200)	69.9	62.1	72.8	73.7	77.6	78.0	75.3
Over-Reported (BEOG > IRS)	7.3	6.6	9.7	7.0	5.6	6.2	7.3
Total	100.0	36.1	20.9	14.8	7.4	4.6	1.4

		BEOG-Reported AGI (1979-1980)					
	Total %	Less than $4,000 %	$4,000-$6,999 %	$7,000-12,499 %	$12,500-$14,999 %	$15,000-$17,499 %	$17,500+ %
Under-Reported (IRS>BEOG)	20.1	38.6	16.8	15.8	14.7	15.2	15.3
Accurate (±$200)	73.0	56.9	76.5	77.4	77.7	78.5	77.7
Over-Reported (BEOG > IRS)	6.3	4.5	6.7	6.8	5.6	6.3	7.0
Total	100.0	22.0	14.3	21.2	7.7	7.4	27.4

As discussed in the next chapter, a significant number of people (39%) reporting very low incomes to BEOG (under $1,000) in 1979-80 had descrepancies of $5,000 or more in AGI when their applications were compared to IRS data. The income of this group was, therefore, not really so low at all. The magnitude of these discrepancies, coupled with the decrease in reporting accuracy in 1979-80, suggests the possibility that many middle-income students applying in 1979-80 as a result of MISAA are under-reporting income to BEOG, even when eligible for Basic Grants. The overall decrease in reporting accuracy of applicants reporting higher incomes, and concurrent rise in under reporting among this group, lends added support to this possibility.

Federal Income Tax Discrepancies

A comparison of the accuracy of tax data reported to BEOG in 1976-77 and 1979-80 indicates that, overall, the number of people reporting acurately on Basic Grant applications has increased slightly. In 1976, 76.4 percent of all regular applicants reported paying federal taxes within $200 of the amount shown on IRS records; in 1979, 77.8 percent reported taxes paid within this range of accuracy. However, during these years the overall direction of misreporting shifted somewhat in the direction of under-reporting to BEOG the amount of federal taxes. Eligible regular applicants, in particular, show a greater improvement in accuracy since 1976-77 and lower rates of over reporting taxes paid. The following table displays these trends.

ACCURACY OF BEOG-REPORTED FEDERAL TAXES	ALL REGULAR APPLICANTS 1976-77 %	ALL REGULAR APPLICANTS 1979-80 %	ELIGIBLE APPLICANTS 1976-77 %	ELIGIBLE APPLICANTS 1979-80 %
Under-reported (IRS > BEOG)	11.3	12.9	12.5	11.5
Accurate (±200)	76.4	77.8	74.3	81.0
Over-reported (BEOG > IRS)	12.4	9.3	13.1	7.5

Household Size Discrepancies

A comparison of the number of tax exemptions claimed on federal tax returns and the size of an applicant's household as reported to BEOG revealed that, overall, high rates of accuracy (within one exemption or person counted) were seen in both studies: 91.8 percent in 1976 and 91.1 percent in 1979. In terms of misreporting, students have more frequently reported a larger household size to BEOG than reported to IRS and the proportion doing so has remained fairly stable. In both studies, eligible applicants show a slightly lower level of accuracy, although

above 87 percent, in both 1976 and 1979. Consistent with trends seen for reporting of adjusted gross income and taxes, eligibles exhibited an increase in reporting accuracy since 1976-77 and a lower rate of over-reporting household size. This is shown in the table below.

ACCURACY OF BEOG-REPORTED HOUSEHOLD SIZE	ALL REGULAR APPLICANTS 1976-77 %	1979-80 %	ELIGIBLE APPLICANTS 1976-77 %	1979-80 %
Under-reported (IRS > BEOG)	0.6	1.7	0.9	1.8
Accurate (±1)	91.8	91.1	87.5	89.6
Over-reported (BEOG > IRS)	7.5	7.2	11.6	8.6

IMPACT OF MISREPORTING ON STUDENT ELIGIBILITY INDICES

The final comparison considered in this chapter is the impact of misreporting on BEOG eligibility indices between 1976-77 and 1979-80. Adjusted gross income and taxes as reported to IRS were substituted in the calculation of SEIs and compared to the BEOG SEIs of record for the two application years examined in these studies.

As the following table indicates, there was an increase between 1976-77 and 1979-80 in the proportion of applicants whose IRS-based SEI was substantially the same (within 200 points) as their BEOG SEI of record.

SUBSTITUTION OF IRS AGI AND TAX DATA INTO THE CALCULATION OF BEOG SEI:	ALL REGULAR APPLICANTS 1976-77 %	1979-80 %	ELIGIBLE APPLICANTS 1976-77 %	1979-80 %	INELIGIBLE APPLICANTS 1976-77 %	1979-80 %
DECREASED AWARD POTENTIAL (IRS SEI > BEOG SEI by 200)	12.4	7.8	13.2	9.2	9.6	.01
NO CHANGE (±200 points)	81.0	90.4	84.1	89.0	82.3	98.5
NO CHANGE (± 50 points)	69.7	84.8	70.1	79.7	67.8	98.0
INCREASED AWARD POTENTIAL (BEOG SEI > IRS SEI by 200)	6.6	1.8	2.7	1.9	8.1	1.5

This was particularly the case among ineligible applicants, the proportion of ineligible applicants without SEI discrepancies increasing to over 98 percent of this group. As compared to 1976-77, IRS-based SEIs among ineligibles in 1979-80 were more likely to result in increased rather than decreased award potential. Among eligible applicants, however, the direction is reversed: IRS-based SEIs were approximately five times more likely to result in decreased rather than increased awarded potential in both 1976-77 and 1979-80.

CONCLUSIONS

The following conclusions can be drawn from this comparative analysis:

- Most applicants report adjusted gross incomes, federal taxes, and household sizes accurately and the rates at which they do so are generally similiar to those for the 1976-77 study.
- Misreporting on all variables for both 1976-77 and 1979-80 was generally in the direction of increasing potential award amounts; misreporting on federal taxes showed a slight increase since 1976-77 in the frequency of under-reporting tax data.
- Applicants reporting incomes to BEOG within $4,000 to $12,499 showed accuracy rates on adjusted gross income very similiar to those in 1976-77. Applicants reporting lower or higher incomes showed decreases in accuracy since 1976-77 and increased misreporting in the direction of increasing award potentials.
- Applicants reporting incomes of under $4,000 to BEOG evidenced the sharpest increase in misreporting and the highest rate of under reporting on adjusted gross income of all income levels. Interpretation of this finding should be approached cautiously, however, because of the low match rates between Basic Grant applications and IRS returns for the under $4,000 income group. Further, the magnitude of IRS/BEOG discrepancies found among this group in the 1979-80 study (discussed in Chapter 3) lends support to the possibility that a relatively large number (18%) of these applicants have incomes significantly above $4,000.
- Applicants reporting incomes in excess of $17,500 to BEOG show a greatly increased rate of misreporting in the direction of increasing potential award amounts. This group, moreover, has doubled in number since the 1976-77 study in response to the Middle Income Student Assistance Act.
- Eligible applicants in 1976-77 tended to report less accurately on adjusted gross income than ineligible applicants, while in 1979-80 the accuracy rates for these groups were almost identical. Underlying this trend is the increased number of higher income eligible students brought about by MISAA.
- Independent applicants under-reported income more frequently than dependent students in both study years, however the gap in their accuracy rates has narrowed since 1976-77, probably due to the change in the formula for computing the eligibility index of independent students.
- As a consequence of these trends in accuracy between the two study years, the potential for decreased rather than increased grant awards, using IRS-based SEIs, doubled since 1976-77. On the whole, however, there was an appreciable increase in the proportion of student exhibiting comparable IRS/BEOG SEIs, from 81 percent of all applicants in 1976-77 to over 90 percent in 1979-80.

3

DETAILED 1979-80 IRS/BEOG DISCREPANCIES BY FIELD

The previous chapter presented a brief overview of trends in the accuracy of Basic Grant application data between the 1976-77 comparison study and the present 1979-80 study. This chapter examines the accuracy of 1979-80 application data in more detail. Three specific application items were studied: adjusted gross income, federal income taxes, and household size. In addition, changes in SEI and award amount were analyzed when IRS data was substituted for BEOG data in eligibility index/payment calculations. IRS/BEOG discrepancies are presented in relation to the recipient status, dependency status, and BEOG-reported adjusted gross income of applicants.

DISCREPANCIES BY RECIPIENT STATUS, DEPENDENCY STATUS AND INCOME LEVEL

In the following discussion, reporting of income and Federal tax data is considered accurate when the IRS value is within ±$50 of the BEOG-reported values. Household size data is considered accurate when the IRS and BEOG values are identical.

Accuracy of BEOG-Reported Adjusted Gross Income (AGI)

Table 3.1 summarizes the discrepancies found in adjusted gross income, by recipient and dependency status. Almost two-thirds (64%) of the applicants reported income to BEOGS within $50 of the amount reported to IRS. When AGI discrepancies exceeded $50, income data were under-reported to BEOG three times more often than they were over reported: 27 percent of the applicants reported larger incomes to IRS than they

TABLE 3.1: DISCREPANCIES IN ADJUSTED GROSS INCOME BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE

DISCREPANCIES IN ADJUSTED GROSS INCOME	TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
	Total %	Dependent %	Independent %	Total %	Dependent %	Independent %	Total %	Dependent %	Independent %
IRS > BEOG: $2001+	12	11	14	10	10	14	14	14	15
IRS > BEOG: $51-2000	15	14	16	15	13	20	16	15	14
±$50	64	65	62	67	69	61	61	60	64
BEOG > IRS: $51-2000	6	7	5	5	5	5	8	9	4
BEOG > IRS: $2001+	3	4	2	2	4	1	4	4	2

reported to BEOG, while only 9 percent reported incomes on their applications that were larger than recorded on their tax returns. In addition, a significant proportion (12%) of those misreporting income under-reported AGI to BEOG by $2000 or more; a full 7 percent under-reported income by $5000 or more.

Looking at the reporting accuracy of the total sample by dependency status, it can be seen that dependent students had a slightly higher rate of accuracy (65%) than independent students (62%). A larger proportion of independent applicants (30%) under-reported AGI to BEOG compared to dependent students (25%), and independent students under- reported income by amounts exceeding $2000 (14%) more often than dependent students (11%).

The reporting accuracy of grant recipients as compared to non-recipients is summarized also on Table 3.1. The overall accuracy rate of recipients (67%) was higher than non-recipients (61%). AGI discrepancies in excess of $50 were found more frequently among non-recipients, and this group under-reported their income by more than $2000 more often than recipients (14% as compared to 10%). It is interesting to note that, while under-reporting of income to BEOG was comparable among both dependent and independent non-recipients (29%), the

rate of under-reporting varied considerably with dependency status among recipients. Approximately 23% of the dependent recipients reported lower incomes to BEOG than were reported to IRS compared to 34% of the independent recipients who under-reported income.

Table 3.2 highlights applicants' AGI discrepancies by their BEOG reported income ranges. Accuracy was found most often among applicants reporting incomes within the middle ranges. Applicants reporting incomes to BEOG of under $4000 or of over $25,000 exhibited lower accuracy rates. The accuracy rate of applicants reporting incomes of under $1000 was particularly low (21%), and well under the average rate of 64 percent. The below $1000 income group was also far more likely than other income groups to under-report their income by significant amounts. Approximately 55 percent of this low income group under-reported AGI to BEOG by $2000 or more; 39 percent under-reported income by $5000 or more. As noted earlier, findings pertaining to low income applicant groups should be interpreted carefully because of the relatively low IRS/BEOG match rates obtained for these groups.

TABLE 3.2: DISCREPANCIES IN ADJUSTED GROSS INCOME SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY INCOME RANGES: TOTAL SAMPLE

		BEOG REPORTED ADJUSTED GROSS INCOME									
	DISCREPANCIES IN ADJUSTED GROSS INCOME	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	$2001+	55	13	10	10	10	8	8	7	6	12
	$51-2000	22	24	18	13	12	10	13	14	18	15
	±$50	21	56	63	69	71	72	71	70	63	64
BEOG > IRS	$51-2000	2	7	7	7	4	5	5	6	9	6
	$2001+	1	0	1	1	3	4	3	3	5	3

Examination of AGI discrepancies by income for dependent and independent recipients (see Tables 3.3 and 3.4) reveals that dependent

TABLE 3.3: DISCREPANCIES IN ADJUSTED GROSS INCOME: DEPENDENT RECIPIENTS

DISCREPANCIES IN ADJUSTED GROSS INCOME	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG: $2001+	59	18	13	10	9	7	6	5	4	10
IRS > BEOG: $51-2000	11	14	13	12	10	12	13	15	17	13
±$50	29	58	63	68	17	72	73	72	69	69
BEOG > IRS: $51-2000	3	8	7	6	5	5	5	6	6	5
BEOG > IRS: $2001+	2	3	4	3	4	4	3	3	3	4

recipients under-report AGI much more frequently than independents when incomes are in the middle and lower ranges ($12,499 and less), while independents under-report more often than dependents within higher income levels ($15,000 and above). Among recipients claiming incomes under $1000, dependent students under-reported AGI by $2000 or more at the rate

TABLE 3.4: DISCREPANCIES IN ADJUSTED GROSS INCOME: INDEPENDENT RECIPIENTS

DISCREPANCIES IN ADJUSTED GROSS INCOME	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG: $2001+	45	11	8	7	7	8	13	7	0	14
IRS > BEOG: $51-2000	30	26	19	14	11	8	8	7	0	20
±$50	23	57	66	72	75	80	73	81	79	61
BEOG > IRS: $51-2000	2	7	7	4	4	2	3	5	0	5
BEOG > IRS: $2001+	0	0	1	2	3	2	1	1	0	1

of 59 percent, as compared to 45 percent for this group of independent recipients. Among higher income recipients (those claiming incomes of $15,000 or more), 20 percent of the independent students under-reported income by $2000 or more; the rate was 15 percent for dependent students within these income ranges.

Accuracy of BEOG-Reported Federal Income Taxes

Applicants were somewhat more accurate in reporting their Federal income taxes than their adjusted gross income. Whereas 64 percent of all applicants reported incomes within $50 of the amount reported to IRS, 68 percent reported tax data within this level of accuracy. However, as indicated on Table 3.5, 87 percent of all applicants reported tax data to BEOG within $500 of the amount reported to IRS. Given that many students submit their Basic Grant applications before filing tax returns, the fact that so many applicants report taxes within $500 of their actual tax obligations is evidence that the large majority of applicants reported Federal income taxes as accurately as they were able.

High accuracy rates were consistent across dependency and eligibility status. Particularly high accuracy rates were found among independent recipients: about 94 percent reported tax within $500 of amounts reported to IRS.

TABLE 3.5: DISCREPANCIES IN FEDERAL INCOME TAX BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE

		TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
	DISCREPANCIES IN IRS TAX PAID	Total %	Dependent %	Independent %	Total %	Dependent %	Independent %	Total %	Dependent %	Independent %
IRS > BEOG	$501+	9	10	9	7	8	6	11	11	9
	$51-500	8	8	8	8	8	9	9	9	9
	±$50	68	66	71	71	70	75	63	61	67
BEOG > IRS	$51-500	11	10	11	10	10	10	10	10	12
	$501+	4	6	1	3	3	0	6	8	3

Table 3.6 summarizes IRS/BEOG discrepancies in Federal income tax by BEOG-reported income levels for the total sample. These data indicate that applicants reporting incomes within $1000-$4000 had the highest rates of accuracy with respect to income tax information. This finding is of special interest considering that, as discussed earlier, low-income applicants under-reported adjusted gross income most frequently. Low tax liability and the accuracy tolerance of $500 for this data may be factors contributing to the accurate reporting of tax data by applicants in this income group. However, a pattern of income under-reporting and accurate tax reporting would be to the applicants' advantage with respect to Basic Grant eligibility.

TABLE 3.6: DISCREPANCIES IN FEDERAL INCOME TAXES: TOTAL SAMPLE

DISCREPANCIES IN IRS TAX PAID		BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	$501+	20	5	4	6	9	8	8	7	10	9
	$51-500	10	4	6	11	10	8	8	8	8	8
	±$50	64	76	77	72	68	68	68	67	62	68
BEOG > IRS	$51-500	4	13	11	11	11	10	10	10	11	11
	$501+	1	0	0	1	2	4	5	6	10	4

Table 3.6 also indicates that, overall, applicants reporting high incomes to BEOG ($25,000 and above) were the least accurate in reporting tax data. With regard to misreporting, the proportions of high income applicants under-reporting and over-reporting taxes to BEOG were nearly equal; 10 percent of this applicant group reported amounts to BEOG that were $500 or more higher than values shown on IRS tax returns, and 10 percent reported amounts to BEOG that were $500 or more lower than IRS tax values.

Discrepancy data for grant recipients shows that the highest accuracy rates were found among the same low income groups regardless of dependency status. However, low accuracy varied by both income level and dependency status among recipients. As shown on Table 3.7, dependent

TABLE 3.7: DISCREPANCIES IN FEDERAL INCOME TAXES: DEPENDENT RECIPIENTS

DISCREPANCIES IN IRS TAX PAID	BEOG REPORTED ADJUSTED INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG $501+	27	10	7	8	9	9	8	6	6	8
IRS > BEOG $51-500	9	2	3	8	10	8	8	8	8	8
±$50	63	81	81	75	69	69	69	69	68	70
BEOG > IRS $51-500	2	7	9	9	10	11	10	10	10	10
BEOG > IRS $501+	0	0	0	0	2	4	4	6	8	3

recipients reporting incomes between $1000 and $4000 were exceptionally accurate in reporting income taxes: 81 percent reported tax amounts to within $50 of the amounts found in IRS records, and over 90 percent were accurate within $500 of IRS data. Among dependent recipients, those reporting incomes under $1000 to BEOG were the least accurate, although the proportion found to report amounts within $500 of that reported to IRS was still large (74%). Misreporting among the low income group was predominantly in the direction of under-reporting tax data to BEOG.

Data on independent recipients reveals a similarly high rate of accuracy among those reporting incomes between $1000 and $4000. As indicated on Table 3.8 however, the lowest rate of accuracy for independents were found among those with incomes of $25,000 or more. Tax discrepancies no greater than $200 were found among 68 percent of this income group. The proportions of independent recipients found to have tax discrepancies exceeding $200 were very low, under 1 percent for each dollar range of tax discrepancies.

Both dependent and independent recipients tended to under-report somewhat more frequently than over-report tax data. Approximately 15 percent of all recipients recorded lower tax amounts on their applications than were found in IRS returns; 13 percent reported higher taxes to BEOG than shown on IRS records.

Non-recipients were least accurate with respect to tax data, although 83 percent reported amounts within $500 of IRS data. (See Table 3.5) Misreporting patterns were similar among this group for both dependent and independent students. The rate of under-reporting Federal taxes was higher among non-recipients (20%) than recipients (15%). This would be expected, considering that as the tax amount reported on Basic Grant applications decreases, so does a student's eligibility.

TABLE 3.8: DISCREPANCIES IN FEDERAL INCOME TAX: INDEPENDENT RECIPIENTS

DISCREPANCIES IN IRS TAX PAID		BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	$501+	17	3	4	4	6	9	14	1	0	6
	$51-500	9	4	8	12	9	4	5	9	42	9
	±$50	71	79	78	74	71	72	58	73	26	75
BEOG > IRS	$51-500	3	13	10	9	12	11	16	10	0	10
	$501+	0	0	0	0	1	4	6	6	0	0

Accuracy of BEOG-Reported Household Size

The accuracy of BEOG data on household size was assessed by comparing the number of exemptions claimed by students on their IRS return to the household size reported to BEOG. The two exemption figures should be consistent with household size for most applicants. Also, it should be noted that household size reported on the Basic Grant application should reflect circumstances at the time of application submission, not circumstances during the preceeding tax year. Consequently, some legitimate IRS/BEOG discrepancies may exist. In addition, note that exemptions considered here are not those for special conditions such as "age 65," "blind," etc.

Based on this criterion, Table 3.9 indicates that 72 percent of all applicants evidenced no household size discrepancy when grant applications were compared to tax returns. Inaccurate reporting was predominately over-reporting household size to BEOG (22% of all applicants). The IRS/BEOG discrepancies found were generally small, and over 90 percent of the applicants' household size figures were within a range of plus or minus one person of the number of exemptions claimed on IRS returns. However, even minimal inaccuracies in household size data can have a large impact on award amounts.

TABLE 3.9: DISCREPANCIES IN HOUSEHOLD SIZE BY RECIPIENT AND DEPENDENT STATUS: TOTAL SAMPLE

DISCREPANCIES IN HOUSEHOLD SIZE	TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
	Total %	Dependent %	Independent %	Total %	Dependent %	Independent %	Total %	Dependent %	Independent %
IRS > BEOG: 2 and over	1	1	2	1	1	2	1	1	2
IRS > BEOG: 1	5	4	7	5	4	6	5	4	7
0	72	67	82	70	66	82	74	69	83
BEOG > IRS: 1	15	19	6	16	19	6	13	18	5
BEOG > IRS: 2 and over	7	9	4	9	10	4	6	8	3

Accuracy of household size by dependency and recipient status is also shown on Table 3.9. Independent students consistently reported household size at a higher rate of accuracy than independent students. It is likely that this reflects the fact that many students who are independent have a household size of one, affording less likelihood of a discrepancy between BEOG and IRS records. Consistent with this, the data show that dependent students over-reported household size more frequently than independent students. This trend applys to grant recipients as well as non-recipients.

Recipients were less accurate than non-recipients, however, in reporting household size. No discrepancy in BEOG and IRS data was found for 70% of all recipients as compared to 74% for non-recipients. Both groups tended to report larger households to BEOG than to IRS, most commonly by one person, when discrepancies were evident.

Table 3.10 summarizes discrepancies in household size by BEOG-reported income levels for all applicants. Those reporting incomes of under $1000 had the lowest accuracy rate (58%), with most misreporting fairly evenly divided between plus and minus one person of the exemptions claimed on IRS returns. Aside from this, the data do not indicate any clear pattern of misreporting by income levels when all applicants are considered.

TABLE 3.10: DISCREPANCIES IN HOUSEHOLD SIZE: TOTAL SAMPLE

DISCREPANCIES IN HOUSEHOLD SIZE		BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTA %
IRS > BEOG	2 and over	7	1	1	1	1	1	1	1	1	1
	1	13	5	5	5	5	4	4	3	3	5
	0	58	79	76	70	68	71	71	75	77	72
BEOG > IRS	1	12	8	10	14	16	16	17	16	15	15
	2 and over	11	5	8	9	9	8	6	6	5	7

Examination of accuracy rates for recipients by income ranges reveals an interesting difference between dependent and independent students. Table 3.11 highlights the data for dependent recipients. Here, a fairly clear pattern emerges in which reporting accuracy increases with income. Misreporting tends to be over-reporting of household size, especially by one person, across all income levels. Under-reporting of household size was significantly higher (18%), however, among dependents reporting incomes under $1000 than among other income groups.

TABLE 3.11: DISCREPANCIES IN HOUSEHOLD SIZE: DEPENDENT RECIPIENTS

DISCREPANCIES IN HOUSEHOLD SIZE		BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	2 and over	8	1	1	1	1	1	1	1	0	1
	1	10	6	4	4	4	4	3	3	2	4
	0	40	46	49	53	61	69	70	74	75	66
BEOG > IRS	1	22	27	25	24	21	18	18	16	17	19
	2 and over	21	19	21	17	12	8	8	6	5	10

As noted earlier, independent applicants were generally more accurate than dependent applicants with respect to household size. As indicated on Table 3.12, a pattern of reporting accuracy by income level is not apparent, though, for independent recipients. Independent recipients with incomes over $1000 tended to over-report household size, most often by one person. However, those with incomes of less than $1000 more often reported smaller households to BEOG than claimed on tax returns.

TABLE 3.12: DISCREPANCIES IN HOUSEHOLD SIZE: INDEPENDENT RECIPIENTS

DISCREPANCIES IN HOUSEHOLD SIZE	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG: 2 and over	6	1	1	1	1	0	0	2	0	2
IRS > BEOG: 1	14	5	5	5	5	6	3	2	0	6
0	70	88	87	83	80	72	63	70	77	82
BEOG > IRS: 1	6	4	4	8	9	12	20	18	0	6
BEOG > IRS: 2 and over	4	4	3	3	4	8	12	9	0	4

The Impact of Misreporting on Student Eligibility Indices

Students' eligibility indices were recalculated, substituting only IRS reported AGI and Federal tax data for BEOG-reported figures, to determine the extent to which misreporting affects students' eligibility for a Basic Grant. Comparing SEIs based on IRS data with BEOG SEIs of record indicates the overall impact that misreporting these key data items had on students' eligibility. IRS/BEOG discrepancies were computed by subtracting the BEOG SEI from the IRS-based SEI for each student. A positive discrepancy score, resulting when the IRS-based SEI exceeded the BEOG SEI, indictes that a student's eligibility index based on accurate (IRS) data would have been higher than his/her BEOG SEI. As noted earlier, because household size and other data items were excluded from SEI recalculations, discrepancies between IRS and BEOG SEIs are probably understated.

Table 3.13 summarizes SEI discrepancies for the total sample, by both dependency and recipient status. As shown in the first column, overall, 75 percent of the applicants' IRS-based SEIs were within 50 points of their BEOG SEIs. An additional 11 percent were within 200 points of their BEOG SEIs. This indicates that, for the most part, misreporting that did occur had a fairly small impact on eligibility determinations. Applicants with SEI discrepancies were found most often to have IRS-based SEIs that exceeded BEOG SEIs, particularly when discrepancies were over 200 points. Approximately 12 percent of the applicants had IRS-based SEIs more than 200 points higher than BEOG SEIs while only 4 percent had BEOG SEIs more than 200 points higher than IRS-based SEIs.

TABLE 3.13: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES* BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE

DISCREPANCIES IN SEI		TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
		Total %	Dependent %	Independent %	Total %	Dependent %	Independent %	Total %	Dependent %	Independent %
IRS > BEOG	501+	8	5	13	7	4	13	9	6	13
	51-500	11	12	11	9	10	9	13	14	11
	±50	75	77	71	79	81	75	69	71	67
BEOG > IRS	51-500	6	6	4	4	4	3	6	7	5
	501+	2	2	2	0	0	0	3	2	3

NOTE: Substitution of IRS data on adjusted gross income and Federal taxes only.

Independent students were far more likely than dependent students to have IRS-based SEIs that exceeded BEOG SEIs. However, discrepancies for a minority of independent students were substantial. Regardless of recipient status, 13 percent of the independent students had IRS-based SEIs that exceeded BEOG SEIs by 500 points or more.

Non-recipients, particularly independent non-recipients, exhibited the most discrepant SEIs. Also, a larger proportion of non-recipients as compared to recipients had BEOG SEIs larger than IRS-based SEIs, most often by 200 points or less.

As indicated on Table 3.14, examination of SEI discrepancies by BEOG-reported income reveals that low income applicants were most likely to have higher SEIs using IRS data than using BEOG data, and upper income applicants were least likely to show this outcome. Nearly 24 percent of the applicants reporting incomes of under $4000 were found to have IRS-based SEIs at least 200 points higher than BEOG SEIs. Among applicants reporting incomes under $1000, 36 percent had IRS-based SEIs over 500 points higher than SEIs calculated with BEOG data. In contrast, only 2 percent of the applicants reporting incomes above $15,000 had IRS-based SEIs over 500 points higher than their BEOG SEIs. Almost 4 percent of this upper income group were found to have increased award potential when IRS data were substituted for BEOG data in SEI calculations. This pattern holds for recipients, regardless of dependency status.

TABLE 3.14: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA* FOR BEOG-REPORTED DATA BY INCOME RANGES: TOTAL SAMPLE

DISCREPANCIES IN SEI		BEOG REPORTED ADJUSTED INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	501+	36	10	10	8	7	5	4	2	2	8
	51-500	4	7	9	11	11	12	12	14	11	
	+50	52	85	80	77	75	76	77	78	75	75
BEOG > IRS	51-500	2	2	4	5	6	6	6	6	7	6
	501+	2	2	2	2	2	2	2	2	3	2

*NOTE: Substitution involved adjusted gross income and Federal tax data only.

The data in this section indicate that, overall, the majority of applicants had SEIs based on IRS data that were reasonably comparable to BEOG SEIs of record, and that this was the case for recipients more often than for non-recipients. However, among 8 percent of recipients SEI discrepancies were sufficient to indicate that a significant amount of

overpayments may have been made, particularly to those reporting low incomes to BEOG. The impact of this reporting on award amounts is examined next.

The Impact of Misreporting on Payments

The final issue addressed in this chapter is the impact of misreporting on Basic Grant payments during the 1979-80 application year. The maximum grant award that year was $1,800. BEOG payments of record were compared to award amounts calculated using IRS data to determine payment discrepancies. For non-recipients, award amounts were calculated based on BEOG-reported data for the latest transaction. IRS-based award amounts were computed using IRS-based SEIs, determined by substituting only IRS tax and AGI data for BEOG data, and actual or assumed average school costs. As a result, discrepancies between BEOG and IRS award amounts are probably understated here in number and magnitude.

As indicated in the first column of Table 3.15, 87.5 percent of all applicants had IRS-based payments within $50 of BEOG payment amounts. Most payment discrepancies (10%) were overawards, that is grant awards would have been smaller than the BEOG payments if calculated using IRS data.

A larger portion of dependents that independents had IRS-based payments within $50 of their BEOG payments (88.9% compared to 84.4%). Table 3.15 shows that this holds for recipients as well as non-recipients.

TABLE 3.15: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA* FOR BEOG-REPORTED DATA BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE

DISCREPANCIES IN PAYMENT		TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
		Total %	Dependent %	Independent %	Total %	Dependent %	Independent %	Total %	Dependent %	Independent %
IRS > BEOG	$501+	0	0	0	0	0	0	1	0	1
	$51-500	2	2	2	3	3	2	2	2	2
	±50	87.5	88.4	84.4	85.8	87.2	82.1	89.7	91.3	88.7
BEOG > IRS	$51-500	6	6	5	7	7	6	4	4	4
	$501+	4	3	8	5	3	10	4	2	6

*NOTE: Substitution involved adjusted gross income and Federal tax data only.

Recipients were more likely to exhibit a change in payment using IRS data than were non-recipients. Among all recipients, 79 percent had no IRS/BEOG payment discrepancy, 85.8 percent were within $50 of BEOG payments of record, and 8 percent received over $200 more than they would have using accurate (IRS) data. Among non-recipients, 88 percent would have had no payment discrepancy, 89.7 percent would have been within $50 of payment amounts based on BEOG data, and 6 percent would have received over $200 more using BEOG data than they would using IRS data.

Discrepancies in payment by income level are highlighted in Table 3.16. Award amounts were most discrepant among applicants reporting incomes under $1000. Only 62 percent of this low income group had no payment discrepancy as compared with at least 82 percent of the applicants in other income groups. In addition, a large minority of applicants in this low income group exhibited substantial payment discrepancies: 15 percent received awards over $1,000 larger than awards calculated using IRS data.

TABLE 3.16: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA* FOR BEOG-REPORTED DATA

DISCREPANCIES IN PAYMENT		BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOT %
IRS > BEOG	$501	0	0	0	0	0	0	0	0	2	
	$51-500	0	0	0	2	2	3	3	3	2	
	±50	63.1	89.8	88.6	86.8	88.4	89.5	89.2	89.4	93.3	8
BEOG > IRS	$51-500	11	3	5	6	6	5	5	6	4	
	501+	26	7	6	5	3	3	1	1	0	

*NOTE: Substitution involved adjusted gross income and Federal tax data only.

As would be expected considering the SEI discrepancies discussed previously, applicants reporting incomes of $15,000 or more were least likely to have significant overawards; less than 1 percent of this group had BEOG payments of record $1000 or more larger than IRS-based award amounts. With respect to underawards, the data indicate that high income

applicants were more likely than low income applicants to have IRS-based award amounts larger than their BEOG payments of record. Payment discrepancies favoring increased awards were most often between $50 and $200.

While payment amounts among independent students were more discrepant than among dependent students, this same pattern by income level is seen for both groups of recipients.

In summary, the data in this chapter indicate that misreporting has a substantial impact on SEI determinations and payment amounts in a small proportion of cases. IRS/BEOG discrepancies are most common among recipients, particularly independent recipients, reporting a very low income to BEOG. As a result of data inaccuracies, 5 percent of all recipients received award amounts that were over $500 more than they would receive if payments were determined using accurate (IRS) data; some 2 percent of all recipients received over $1000 more than would have been awarded using accurate data. Underawards, on the other hand, resulted from misreporting in only a very small portion of cases (about 3 percent of all recipients) and were almost always payments of $500 or less than would be the case using accurate data. IRS/BEOG discrepancies found among dependent recipients reporting incomes of $15,000 or more were most likely to lead to such underawards.

Non-recipients were found to have smaller IRS/BEOG discrepancies than recipients. In addition, misreporting among most non-recipients was in the direction of further decreasing their eligibility for a Basic Grant. Thus, even if these applicants had reported accurately they would not be elibigle for a Basic Grant.

From the perspective of quality control, the extent of overpayment resulting from misreporting represents a considerable dollar amount. The findings indicate that 79 percent of all recipients would have received the same award using accurate (IRS) data as received based on BEOG data. However, study findings on payment discrepancies are limited due to the substitution of only two IRS data elements (AGI and taxes) in recalculating eligibility indices, and the use of estimated school costs in some cases. It is likely, therefore, that larger and more frequent overpayments occurred than indicated here.

4

EFFECT OF EDITS ON ACCURACY OF BEOG-REPORTED DATA

The Basic Grant application processing system includes several features designed to minimize the number of student eligibility determinations made on the basis of invalid, inaccurate or incomplete data. One feature, discussed in detail in Chapter 5, is pre-award validation of application data. Another feature is a series of computerized edits which check for missing information and the logic and consistency of all application data provided.

If an application triggers a processing edit, a message is printed on the Student Eligibility Report (SER) advising the student to review the application and take further action, if necessary. Under the most restrictive conditions, the edit comment indicates that the application has been rejected and that the student must provide missing information or verify or correct existing data before an eligibility determination can be made. In other cases, the comment indicates that the processing system, in calculating eligibility, assumed a value for a missing or apparently inaccurate application item based on other provided information. In a third case, the comment serves as merely informational, or as an attention-attracting device warning of questionable data.

This chapter examines the effect of edits during 1979-80 application processing on the accuracy of BEOG data. Applicants' corrections were examined to determine whether corrections made in response to edit comments resulted in more accurate data than unsolicited corrections.

Also, the accuracy of data re-submitted by rejected applicants was analyzed to determine whether applicants re-enter the processing system with more or less accurate data when they receive a rejection comment.

EFFECT ON DATA ACCURACY OF SOLICITED AND UNSOLICITED CORRECTIONS

When BEOG application data is changed by an applicant in response to an edit comment it is described here as a solicited correcton. Changes in application data submitted by applicants in the absence of edit comments are considered unsolicited corrections; these corrections may reflect changes in applicants' circumstances or simply recognition of an error or omission on the BEOG application.

To determine whether solicited corrections were more effective than unsolicited corrections in improving the accuracy of application data, IRS/BEOG discrepancies in SEI and award amount found after applicants made solicited corrections were compared to discrepancies found after unsolicited corrections were made. These comparisons were conducted for corrections made to adjusted gross income, federal taxes, and household size data. The findings of these analyses support the conclusion that corrections made in response to edit comments result in more accurate data than unsolicited corrections.

As noted previously, IRS/BEOG discrepancies in SEI and award are probably understated, as only IRS data on AGI and taxes were substituted for BEOG data in recalculating SEIs.

Impact of Solicited and Unsolicited Corrections on Eligibility Indices

To examine the effect of edits on eligibility determinations, BEOG SEIs based on corrected application data were compared to SEIs calculated by substituting IRS data on income and taxes. As indicated on Table 4.1, BEOG and IRS-based SEIs were comparable (within 50 points) for 81 percent of the cases in which AGI corrections were solicited; for 77 percent of the cases on which tax corrections were solicited; and for 81 percent of the cases in which household size corrections were solicited. Unsolicited corrections to all data fields yielded lower rates of comparable IRS/BEOG SEIs: 73 percent for unsolicited AGI corrections, 72

percent for unsolicited tax corrections, and 71 percent for unsolicited corrections to household size. Also, more discrepant SEIs resulted from unsolicited corrections than from corrections prompted by edits. This holds true for corrections to any of the three data fields and, for both solicited and unsolicited corrections discrepancies are in the direction of decreasing award potential.

TABLE 4.1: DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: TOTAL SAMPLE

DISCREPANCIES IN SEI	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG: 501+	8	7	11	14	10	15	10	8	12
IRS > BEOG: 51-500	8	7	11	8	8	8	8	7	11
± 50	79	81	73	73	77	72	77	81	71
BEOG > IRS: 51-500	3	3	4	3	3	3	3	3	4
BEOG > IRS: 501+	2	2	2	2	2	2	2	1	2

Table 4.2 summarizes corrections made and effects on SEI by recipient status. When recipients corrected income and household size because of edits, BEOG and IRS-based SEIs were comparable (within 50 points) at noticeably higher rates (81% for AGI and 80% for household size) than when corrections to these fields were unsolicited (68% for AGI and 66% for household size). Solicited corrections to tax data also resulted in more comparable SEIs than unsolicited corrections, although the difference is not as great (75% as compared to 72%). Unsolicited corrections were more likely than solicited corrections to result in IRS-based SEIs 500 or more points larger than BEOG SEIs. This was most evident for corrections to household size, where discrepancies of this magnitude were found at the rate of 15 percent for unsolicited corrections compared to 8 percent for corrections made in response to edits.

Among non-recipients, it is interesting to note that solicited and unsolicited corrections to AGI and to household size were equally likely to result in IRS-based SEIs within 50 points of BEOG SEIs (about 82%). Whether corrections to these fields by non-recipients were solicited or unsolicited made little difference, moreover, in the overall rate at which IRS-based SEIs exceeded BEOG SEIs by 50 points or more. (IRS-based SEIs exceeded BEOG SEIs by 50 points or more at the rate of 13 percent for solicited AGI corrections and 14 percent for unsolicited AGI corrections; for corrections to household size the rate was 14 percent for both solicited and unsolicited corrections.) However, the rate at which IRS-based SEIs exceeded BEOG SEIs by 500 or more points was slightly lower when corrections to AGI and to household size were solicited by edits than when they were unsolicited.

Corrections to tax data by non-recipients, on the other hand, clearly resulted in less discrepant SEIs when made in response to edits than when unsolicited. IRS-based SEIs that were 500 points or more larger than BEOG SEIs occurred twice as often when tax corrections were unsolicited (16%) than when they were solicited (8%).

Impact of Solicited and Unsolicited Corrections on Award

To examine the impact of edits on grant awards, award amounts calculated on the basis of IRS data were compared to BEOG payments of record for applicants who changed their basic grant application data in response to edits and for those who made unsolicited changes. For non-recipients, BEOG award amounts were determined using data from the latest official transaction.

TABLE 4.2: DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE BY RECIPIENT STATUS

Recipients

	DISCREPANCIES IN SEI	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
		Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG	501+	9	7	12	13	12	14	10	8	15
	51-500	9	8	13	9	9	10	10	7	14
	± 50	77	81	68	73	75	72	75	80	66
BEOG > IRS	51-500	3	3	5	3	3	3	3	3	4
	501+	2	1	2	2	0	2	2	2	2

Non-Recipients

	DISCREPANCIES IN SEI	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
		Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG	501+	7	7	8	14	8	16	8	7	9
	51-500	6	6	4	7	7	7	6	7	5
	± 50	82	82	82	75	79	72	82	82	81
BEOG > IRS	51-500	3	3	3	2	3	2	2	3	2
	501+	2	1	2	2	2	2	1	1	2

4.5

Table 4.3 highlights IRS/BEOG payment discrepancies found for the total sample after corrections were made to income, taxes, and household size. The findings are consistent with SEI discrepancies associated with solicited and unsolicited corrections: the frequency and magnitude of IRS/BEOG discrepancies are lower when application data in any field were corrected in response to edits than when corrections were unsolicited.

TABLE 4.3: DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTION MADE: TOTAL SAMPLE

		AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	PAYMENT DISCREPANCIES	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG	$501+	1	0	1	1	1	1	0	0	1
	$51-500	2	2	2	2	2	2	2	2	2
	±$50	84	87	79	79	83	78	83	86	77
BEOG > IRS	$51-500	7	5	8	7	7	8	7	5	9
	501+	6	6	9	11	8	12	7	6	11

As discussed in the previous chapter, comparisons of IRS data with BEOG data have shown that payment amounts based on inaccurate data were generally overawards rather than underawards. Overawards were less frequent, however, when data were corrected in response to edits rather than when unsolicited changes were made. Overawards in excess of $50 occurred at the rate of 17 percent for unsolicited AGI corrections compared to only 11 percent for solicited corrections; for corrections to tax data, the rates were 20 percent for unsolicited compared to 15 percent for solicited; and for household size corrections, the rates were 20 percent for unsolicited compared to 11 percent for solicited corrections.

A similar pattern was found among recipients when corrections they made were examined in terms of payment discrepancies (see Table 4.4). A somewhat different pattern was evident among non-recipients, as would be expected considering the findings on the effect of corrections on SEIs. For non-recipients, solicited and unsolicited corrections to income and to household size data were more similar in their potential impacts on payment: when any corrections were made, approximately 85 percent were found to have IRS-based award amounts within $50 of potential BEOG amounts. For corrections to taxes paid, IRS/BEOG payment amounts were comparable for 83 percent of solicited corrections compared to 77 percent of unsolicited corrections. However, overawards exceeding $500 would have been less frequent when corrections to any of these fields were solicited than when corrections were unsolicited.

In summary, these findings support the conclusion that the processing edit system does increase the accuracy of BEOG-reported data. Corrections made to Basic Grant application data in response to edits tend to decrease the number of overawards, particularly overawards exceeding $500. Unsolicited changes made to application data, on the other hand, were generally to the advantage of applicants and increased the likelihood of overawards.

TABLE 4.4: DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTION MADE BY RECIPIENT STATUS

Recipients

	PAYMENT DISCREPANCIES	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
		Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG	$501+	0	0	0	0	1	0	0	0	0
	$51-500	2	2	3	2	2	2	2	2	2
	±$50	83	86	76	80	82	79	81	86	74
BEOG > IRS	$51-500	7	6	10	7	6	7	7	6	11
	$501+	7	6	11	11	10	12	9	6	12

Non-Recipients

	PAYMENT DISCREPANCIES	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
		Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG	$501+	2	2	2	2	2	2	2	2	2
	$51-500	2	2	2	2	2	2	2	2	3
	±$50	86	86	85	79	83	77	85	86	84
BEOG > IRS	$51-500	5	5	5	7	7	7	6	6	5
	$501+	5	5	7	10	6	12	6	5	7

REJECTION COMMENTS AND ACCURACY OF BEOG-REPORTED DATA

Rejection edits are the most restrictive of the application processing edits. In order to re-enter the processing system and receive an eligibility index, applicants who have received a rejection comment on their SER must respond by either supplying missing data, by confirming that the item in question is correct, or by correcting that item. There is concern that qualified applicants are being impeded from receiving a Basic Grant because of the severity of these edits and confusion about the corrections process. Particular attention has therefore been paid to rejection edits in OSFA studies. The 1979-80 IRS comparison study examined the accuracy of data provided by applicants who re-entered the processing system after receiving rejection comments to adjusted gross income, Federal taxes, or household size.

As indicated on Table 4.5, the large majority of applicants receiving rejection comments do re-enter the processing system. In addition, most applicants changed their Basic Grant data when re-entering in response to rejection comments. Comparison of net average SEI discrepancies at the time of rejection comments with the net SEI discrepancies of applicants

TABLE 4.5: THE ACCURACY OF DATA RE-SUBMITTED BY APPLICANTS RECEIVING REJECTION COMMENTS: TOTAL SAMPLE

	Received Comment Total	NET SEI Discrepancy		Re-entered System Total	Re-entered and Field(s) Unchanged		Re-entered and Field(s) Changed	
		At Comment	At Latest Transaction		Total %	Net SEI Discrepancy	Total %	Net SEI Discrepancy
Adjusted Gross Income Rejection Comments	357044	284	155	97.38%	8.25%	69	89.12%	159
Taxes Paid Rejection Comments	357044	284	155	97.38%	8.25%	69	89.12%	159
Household Size Rejection Comments	7263	241	149	97.17%	16.54%	385	80.62%	97

re-entering the system reveals that the accuracy of data generally increased following rejection comments. The small SEI discrepancy among those who re-entered without changing AGI or tax data is substantially lower than the net average SEI discrepancy at comment. The net SEI discrepancy among applicants who changed their data is also significantly lower than the average SEI at comment. This implies that those who changed their data in response to rejection comments had initially submitted application data that was, on the average, less accurate than those who re-entered without making data changes. Accuracy did increase, however, as a result of the data changes made.

A different picture is presented with respect to household size rejection comments. Recipients who re-entered the processing system without changing household size data had far less accurate data after re-entry relative to the average at rejection. Accuracy was improved, however, for the large majority of recipients who changed their data in response to rejection. Several factors, discussed previously, concerning IRS/BEOG comparisons and household size should be considered, however, in interpreting these findings. IRS-based SEIs were calculated by substituting income and tax data only, and SEI discrepancies may be understated, for some cases, because household size data and other data elements were excluded from SEI recalculations. Also, in some cases, legitimate discrepancies may exist between BEOG household size data and the number of exemptions claimed by applicants on their IRS return. These factors may have affected the magnitude of SEI discrepancies associated with household size rejection comments in this analysis.

Overall, however, the data presented here support the conclusion that the majority of rejected applicants responded to rejection comments in ways that did increase data accuracy. These trends were consistent for both recipients and non-recipients (see Appendix C). Although findings indicated that resubmitted data were on the average, still discrepant with IRS data, these discrepancies were reduced among those who did not change their data as well as among those who did.

5

EFFECT OF PRE-AWARD VALIDATION (PAV) ON ACCURACY OF BEOG-REPORTED DATA

In academic year 1978-79, OSFA initiated a procedure for validation of certain data items on selected applications by financial aid administrators at the institutions to which these students apply. OSFA had developed criteria which, according to several previous studies, indicated inaccurate reporting on applications. These pre-established criteria (PEC) have been refined and used to select applicants for validation. In addition, a smaller group of applicants has been randomly selected for validation. This random group has been selected for comparison with the group selected according to the PEC, as an ongoing check on the effectiveness of the PEC and of the validation process.

The student is informed by a comment on the SER that he/she has been selected for validation, and is instructed to bring documentation of certain information supplied on the application to the financial aid administrator. This documentation and the application are reviewed by the financial aid administrator, and the student is instructed whether to verify or correct the items in question. Since validation procedures call for the use of IRS records to verify income and tax data, no misreporting should be evident at the latest transaction if validation activities were implemented appropriately.

This chapter summarizes findings about the effect of validation on the accuracy of basic grant data. Application data on adjusted gross income, federal taxes and household size for validation applicants were compared to data reported by these applicants on IRS returns to assess

accuracy following validation. The impact of misreporting on student eligibility indices and on award amount was examined as well. In addition, changes in the validity of PAV recipients' data over time were analyzed to examine the relative effects of edits and validation on data accuracy. The validity of data in all fields at PAV selection and post-selection were determined and compared for those selected for validation according to pre-established criteria (PEC) and those selected for validation at random.

A final point should be noted concerning the findings presented in this chapter. The sample of 89,691 validation applicants in this IRS/BEOG comparison study was chosen from among the 233,787 applicants selected for validation by OSFA. (The sample size figure of 150,290 presented in tables in this chapter is weighted and reflects only those validation applicants for whom a IRS/BEOG match was possible.) It was assumed that their application data had been validated by financial aid administrators at the educational institutions to which students had applied. However, it should be kept in mind that validation procedures may not have been implemented in some cases, and that actual validation practices may vary across institutions.

DISCREPANCIES BY DEPENDENCY STATUS AND INCOME LEVEL FOR VALIDATION APPLICANTS

In the following discussion, reporting of income and federal tax data are considered accurate when BEOG-reported values are within $\pm$ $50 of IRS values. Household size data are considered accurate when the BEOG and IRS values are identical.

Accuracy of BEOG-Reported Adjusted Gross Income for PAV Applicants

Table 5.1 highlights the IRS/BEOG discrepancies found in adjusted gross income for validation applicants. The majority of applicants (71%) reported income accurately. Higher rates of accuracy were found among dependents (75%) than among independent applicants (61%). This was particularly clear when rates for validation recipients were examined: 80 percent of dependent PAV recipients reported AGI accurately compared to only 65 percent of independent PAV recipients.

TABLE 5.1: DISCREPANCIES IN ADJUSTED GROSS INCOME BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS

	DISCREPANCIES IN ADJUSTED GROSS INCOME	TOTAL PAV APPLICANTS			PAV RECIPIENTS		
		TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	$2001+	12	11	16	8	8	13
	$51-2000	10	7	15	9	6	15
	±50	71	75	61	76	80	65
BEOG > IRS	$51-2000	4	4	4	4	4	5
	$2001+	2	3	0	2	3	1

As indicated in the following table, recipients who were validated exhibited higher rates of accuracy in reporting AGI compared to all recipients. Consistent with data for the total sample, discussed in Chapter 3, misreporting among PAV applicants tended to be in the direction of underreporting income to BEOG. This occurred less frequently among validation recipients, however, particularly among dependent PAV recipients.

DISCREPANCIES IN ADJUSTED GROSS INCOME	PAV RECIPIENTS		ALL RECIPIENTS	
	DEPENDENT %	INDEPENDENT %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	14	28	23	34
ACCURATE (±$50)	80	65	69	61
BEOG > IRS	7	6	9	6

Discrepancies in adjusted gross income by BEOG-reported income levels for PAV applicants are summarized in Table 5.2. PAV applicants reporting incomes of $12,500 and above had the highest rates of accuracy (78% to 82%).

TABLE 5.2: DISCREPANCIES IN ADJUSTED GROSS INCOME: TOTAL PAV APPLICANTS

DISCREPANCIES IN ADJUSTED GROSS INCOME		BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	$2001+	47	11	9	9	9	7	7	4	4	12
	$51-2000	17	19	13	9	8	8	7	7	10	10
	±$50	31	64	70	74	77	79	79	82	78	71
BEOG > IRS	$51-2000	3	6	6	5	4	4	4	4	6	4
	$2001+	2	1	1	3	3	3	3	3	3	2

Least accurate were those reporting incomes of less than $1,000: 31 percent reported AGI to BEOG within $50 of IRS data, a rate substantially lower than the average for validation applicants (71%). These low income validation applicants were also more likely than other income groups to underreport AGI by significant amounts; 35 percent underreported AGI to BEOG by more than $5000. In general, underreporting of AGI by substantial amounts decreased as applicants' incomes rose.

At all income levels, accuracy rates were higher for PAV applicants then for all applicants (see Table 3.2). PAV applicants with incomes under $1000 were consistent with all applicants at this income level in having the lowest rate of accuracy (31% for PAV applicants and 21% for all applicants) and highest rate of underreporting AGI (at this income level, AGI was underreported by more than $5000 by 35% of PAV applicants and by 39% of all applicants). PAV applicants at upper income levels had generally high rates of accuracy. Rates for all applicants, however, decreased when income exceeded $25,000.

Discrepancies in Federal Income Taxes for PAV Applicants

PAV applicants also evidenced high rates of accuracy in reporting federal taxes to BEOG. Table 5.3 shows that 74 percent of all PAV applicants and 78 percent of PAV recipients reported taxes within $50 of their IRS tax figures. This high level of accuracy was found for both dependents and independents.

TABLE 5.3: DISCREPANCIES IN FEDERAL INCOME TAX BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS

DISCREPANCIES IN IRS TAX PAID		TOTAL PAV APPLICANTS			PAV RECIPIENTS		
		TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	$501+	7	8	6	7	7	5
	$51-500	6	6	6	5	5	6
±$50		74	74	74	78	78	79
BEOG > IRS	$51-500	8	8	11	7	7	9
	$501+	3	3	1	3	3	1

Fewer tax discrepancies were found among PAV recipients compared to all BEOG recipients as summarized in the table below. Also, whereas independent recipients were noticeably more accurate in reporting taxes than dependent recipients in the total sample, these groups were more comparable for PAV recipients. Similarly, misreporting by PAV recipients was somewhat more evenly distributed between over- and underreporting of taxes than was the case among recipients overall.

DISCREPANCIES IN IRS TAX PAID	PAV RECIPIENTS		ALL RECIPIENTS	
	DEPENDENT %	INDEPENDENT %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	12	11	16	15
ACCURATE (±$50)	78	79	70	75
BEOG > IRS	10	10	13	10

Discrepancies in taxes paid by BEOG-reported income ranges for PAV applicants are summarized in Table 5.4. Like all applicants (see Table 3.6), validation applicants reporting incomes between $1,000-4,000 were the most accurate in reporting tax data. Unlike applicants generally, validation applicants reporting incomes of under $1,000 were least accurate (67%); overall, applicants reporting high incomes to BEOG ($25,000 and above) were the least accurate in reporting tax data (62%). The data confirm, though, that PAV applicants at all income levels were more accurate than applicants overall in reporting tax information.

TABLE 5.4: DISCREPANCIES IN FEDERAL INCOME TAXES: TOTAL PAV APPLICANTS

DISCREPANCIES IN IRS TAX PAID	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6399 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG $501+	16	5	4	7	8	8	9	6	6	7
IRS > BEOG $51-500	10	3	4	8	7	5	6	5	7	6
±$50	67	81	79	74	72	73	74	77	72	74
BEOG > IRS $51-500	5	11	12	9	9	9	8	6	8	8
BEOG > IRS $501+	1	0	0	2	4	5	5	6	6	3

With regard to misreporting, PAV applicants with incomes over $17,500 were equally likely (6%) to underreport and overreport taxes by more than $500. This finding is consistent with the trend among applicants in general. At lower income levels, validation applicants were much more likely to underreport than to overreport taxes by amounts exceeding $500. PAV applicants with incomes less than $1000 underreported taxes by more than $500 at the rate of 16 percent and overreported taxes by more than $500 at the rate of 1 percent. As discussed in Chapter 3, applicant misreporting in general was also in the direction of underreporting tax data.

Discrepancies in BEOG-Reported Household Size for PAV Applicants

The number of exemptions claimed by students on their IRS tax returns was compared to the household size reported to BEOG to determine reporting accuracy for this data field. As discussed previously, while exemption figures should be consistent with household size for most applicants, in some cases legitimate IRS/BEOG discrepancies may exist.

As indicated on Table 5.5, no discrepancy in household size data was found for 66 percent of all validation applicants and 68 percent of all validation recipients. When misreporting occurred, applicants tended to report larger households to BEOG than to IRS, predominantly by one person. BEOG household size data were within one person of IRS data for 88 percent of PAV applicants and 90 percent of PAV recipients.

TABLE 5.6: DISCREPANCIES IN HOUSEHOLD SIZE BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS

DISCREPANCIES IN HOUSEHOLD SIZE		TOTAL PAV APPLICANTS			PAV RECIPIENTS		
		TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	2 and over	1	1	3	1	1	2
	1	5	4	7	5	4	6
	0	66	61	80	68	64	82
BEOG > IRS	1	17	21	6	17	20	6
	2 and over	10	12	4	9	10	4

Independent PAV students had much higher rates of accuracy than dependent students. No discrepancy in IRS/BEOG data was found for 80 percent of independent PAV applicants and for 82 percent of independent PAV recipients, compared to 61 percent of dependent applicants and 64 percent of dependent recipients. This would be expected considering that the independent students generally have a household size of one.

As shown in the next text table, household size discrepancies found for validation recipients were very similar to those found for recipients in general. The findings for independents were identical; dependent PAV recipients were slightly more accurate than dependent recipients overall. In contrast to procedures for validating income and tax data, which require that students provide copies of their IRS tax return to verify application data, validation procedures for household size rely on the signed validation form as formal documentation for household size data.

DISCREPANCIES IN HOUSEHOLD SIZE	PAV RECIPIENTS		ALL RECIPIENTS	
	DEPENDENT %	INDEPENDENT %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	5	8	5	8
0	64	82	66	82
BEOG > IRS	30	10	29	10

This validation protocol acknowledges that, while the tax return may provide an indication of household size, the total number of exemptions claimed on the tax return may not agree with application information. As discussed in Chapter 3, this may occur because some conditions permitting federal tax exemption, such as blindness and age, have no relation to the BEOG definition of household size. Also, a person considered to be a household member for BEOG purposes may not qualify as an exemption on a parent's tax return. Further, the 1979-80 Basic Grant application requests household size data for the coming 1979-80 year, while the tax return shows 1978 information. The data here suggest the possibility that, as a result, validation of household size had less effect on eligibility and award than validation of income and tax data.

Table 5.6 shows discrepancies in household size by BEOG-reported income levels for PAV applicants. Similar to findings for all applicants (presented in Table 3.10), PAV applicants with incomes under $1,000 were least accurate in reporting household size. Validation applicants with incomes between $1,000-$4,000 had the highest accuracy rates. The data reveal that, for the most part, the proportion of validation applicants having IRS/BEOG discrepancies surpassed that of the total applicant sample at all income levels. It is interesting to note, though that PAV applicants with incomes of $12,500 and above overreported household size by two or more people at nearly twice the rate of applicants in general (10% compared to 6%).

TABLE 5.6: DISCREPANCIES IN HOUSEHOLD SIZE: TOTAL PAV APPLICANTS

DISCREPANCIES IN HOUSEHOLD SIZE		BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	2 and over	5	1	2	1	1	1	1	1	2	1
	1	10	4	5	5	5	4	4	3	3	5
	0	62	79	74	65	62	65	66	69	66	66
IRS < BEOG	1	14	9	11	17	19	19	19	18	20	17
	2 and over	10	6	8	11	12	11	10	9	10	10

IMPACT OF MISREPORTING ON STUDENT ELIGIBILITY INDICES AND AWARD AMOUNTS FOR PAV APPLICANTS

To assess the effect on eligibility of misreporting income, taxes and household size, BEOG SEIs for validation applicants were compared to SEIs determined by substituting their IRS income and tax data in these calculations. Similarly, to determine the effect of misreporting on award, BEOG award amounts were compared to payment amounts calculated by using IRS data for income and taxes. IRS/BEOG disrepancies in SEI and award thus indicate the extent to which Basic Grant eligibility determinations and payments would differ for PAV applicants if based on accurate (IRS) data. The magnitude and direction of these discrepancies for validation applicants were then compared to trends for applicants in general to examine the effects of validation on eligibility and award determinations.

Because calculation of IRS-based SEIs and awards involved substitution of only income and tax data, SEI and payment discrepancies are likely to be understated here.

The Impact of Misreporting on SEIs for PAV Applicants

Table 5.7 summarizes SEI discrepancies found for all validation applicants and recipients by dependency status. BEOG SEIs were within 50 points of IRS-based SEIs for 81 percent of PAV applicants; the rate for PAV recipients was 87 percent.

Comparable SEIs were less likely among independent students compared to dependent students. Also, the rate at which IRS-based SEIs exceeded BEOG SEIs by more than 500 points was almost three times higher for independent students than for dependent students (11% for independent PAV recipients compared to 4% for dependent PAV recipients).

TABLE 5.7: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES* BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS

ELIGIBILITY INDEX DESCREPANCIES	TOTAL PAV APPLICANTS			PAV RECIPIENTS		
	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG: 501+	8	6	14	5	4	11
IRS > BEOG: 51-500	7	7	7	5	5	6
±50	81	83	76	86	87	80
BEOG > IRS: 51-500	3	3	3	3	3	3
BEOG > IRS: 501+	2	2	2	0	2	0

*NOTE: Substitution of IRS data on adjusted gross income and Federal taxes only.

As shown in the next text table, PAV recipients, particularly dependents, had BEOG SEIs within 50 points of IRS-based SEIs more often than recipients overall. Misreporting among PAV recipients, and recipients in general, resulted most often in IRS-based SEIs that exceeded BEOG SEIs, indicating decreased eligibility had SEIs been based on accurate data. This occurred at a lower rate for PAV recipients than for recipients overall, however.

ELIGIBILITY INDEX DISCREPANCIES	PAV RECIPIENTS		ALL RECIPIENTS	
	DEPENDENT %	INDEPENDENT %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	9	17	14	22
COMPARABLE (± 50)	87	80	81	75
BEOG > IRS	5	3	4	3

Table 5.8 shows SEI discrepancies by BEOG-reported income level for validation applicants. Relative to the finding for applicants overall (see Table 3.14), a larger proportion of PAV applicants at all income levels had BEOG SEIs within 50 points of IRS-based SEIs. Trends by income levels for validation applicants were consistent with those for

applicants in general: low-income applicants were most likely to have IRS-based SEIs at least 200 points higher than BEOG SEIs and upper-income applicants were least likely to show this outcome. Over one-fourth (29%) of the validation applicants reporting incomes under $1,000 were found to have IRS-based SEIs over 500 points higher than BEOG SEIs; however, the rate among applicants at this income level in general was 36 percent. The frequency with which this occurred decreased as income increased. For all applicants with incomes above $15,000, including validation applicants, just over 2 percent had IRS-based SEIs more than 500 points higher than BEOG SEIs.

TABLE 5.8: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA* FOR BEOG-REPORTED DATA BY BEOG-REPORTED INCOME RANGES: TOTAL PAV APPLICANTS

ELIGIBILITY INDEX DISCREPANCIES		BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	501+	29	9	8	8	7	5	3	2	2	8
	51-500	9	4	6	7	8	8	8	6	7	7
	±50	62	86	84	82	81	82	83	87	87	81
BEOG > IRS	51-500	1	1	2	3	4	5	5	3	5	3
	501+	1	0	1	2	2	2	2	2	2	2

*NOTE: Substitution of IRS data on adjusted gross income and Federal taxes only.

The data in this section show that the large majority of validation applicants had SEIs based on IRS data that were fairly comparable to BEOG SEIs, and that this occurred at a noticeably higher rate among PAV applicants (81 percent) compared to all applicants (75 percent). However, significant SEI discrepancies, indicating reduced eligibility potential, were still found for a minority of PAV applicants, particularly those at low-income levels. The following section examines the effects of these discrepancies on award amounts.

The Impact of Misreporting on Payments

The effects on payments of misreporting by PAV applicants were compared to payment effects for applicants overall to examine the degree to which validation minimized 1979-80 overpayments and underpayments. To determine the impact of misreporting on payments, BEOG award amounts were compared to amounts calculated using IRS income and tax data. Discrepancies between IRS-based and BEOG awards indicate the extent BEOG awards differed from awards determined using accurate (IRS) data. As noted previously, these discrepancies are probably understated as only two IRS data elements were substituted.

As indicated in Table 5.9, IRS-based payments within $50 of BEOG payments were found for over 87 percent of validation applicants and for over 90 percent of validation recipients. Payment discrepancies were almost entirely overawards (8% for PAV recipients), and half the overawards were in amounts exceeding $500.

Table 5.9 also shows that fewer payment discrepancies existed for dependents than for independents. BEOG payment amounts exceeded IRS amounts by over $50 at the rate of 7 percent for dependent PAV recipients compared to 13 percent for independents.

TABLE 5.9: DISCREPANCIES IN PAYMENT* BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS

		TOTAL PAV APPLICANTS			PAV RECIPIENTS		
DISCREPANCIES PAYMENT		TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	$501+	0	0	0	0	0	0
	$51-500	2	2	2	1	2	1
	±$50	87.10	88.63	82.76	90.15	91.39	86.01
BEOG > IRS	$51-500	5	5	5	4	4	4
	$501+	6	4	10	4	3	9

*NOTE: Substitution of IRS data on adjusted gross income and Federal taxes only.

The findings for validation recipients are summarized and compared to findings for all recipients in the table below.

DISCREPANCIES IN PAYMENT	PAV RECIPIENTS		ALL RECIPIENTS	
	DEPENDENT %	INDEPENDENT %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	2	1	3	2
ACCURATE (±$50)	91	86	87	82
BEOG > IRS	8	13	10	16
NO CHANGE	87	84	79	80

These data show that validation reduced the frequency of over- and underawards to BEOG recipients. They indicate also that dependent students had fewer payment discrepancies than independents, for both validated recipients and recipients overall.

Payment discrepancies by BEOG-reported income levels for validation applicants are presented in Table 5.10.

TABLE 5.10: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA* FOR BEOG-REPORTED DATA: -TOTAL PAV APPLICANTS

	DISCREPANCIES IN PAYMENT	BEOG REPORTED ADJUSTED GROSS INCOME									
		Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	$501+	0	0	0	0	0	0	0	1	1	0
	$51-500	0	0	0	2	2	2	3	3	3	2
	±$50	70.0	89.7	89.7	88.0	88.4	89.3	88.8	90.7	90.2	87.1
BEOG > IRS	$51-500	9	3	4	5	4	4	5	5	5	5
	$501+	21	7	6	6	4	3	3	1	0	6

*NOTE: Substitution involved adjusted gross income and Federal tax data only.

As would be expected, given misreporting trends, applicants with incomes under $1,000 were most likely to have BEOG payments that exceeded IRS-based payment amounts. Although no payment discrepancy was found for 69 percent of this group, overawards in excess of $50 were found at the rate of 30 percent, compared to no more than 11 percent for other income groups. (BEOG payments exceeded IRS-based payments by $500 or more for 21 percent of this low-income group, a rate also well above those for other income groups.) For the most part, however, misreporting had little effect on payment across income levels. BEOG payments were within $50 of IRS-payment amounts for a majority of applicants at all income levels; rates approached 90 percent for those with incomes between $4,000 - 14,999 and surpassed 90 percent for those at higher income levels.

An interesting finding emerges when payment discrepancies by income level for PAV applicants are compared to those for the total sample (presented in Table 3.16). With the exception of applicants reporting income over $25,000, PAV applicants had fewer payment discrepancies at all income levels than applicants in general. At this upper income level, however, no payment discrepancy was found for 89 percent of applicants overall compared to only 83 percent of validation applicants; 93 percent of all applicants had BEOG payments within $50 of IRS-based amounts compared to 90 percent of PAV applicants. The data indicate that at this income level valdiation applicants were slightly more inclined than applicants generally to have payment discrepancies of up to $200 (5% compared to 3%).

In summary, the effect of misreporting on payment is less for validation applicants than for applicants in general at all but the highest income levels. Overall, the large majority evidenced no change in payment when IRS data were substituted for BEOG date and this rate reached 86 percent for PAV recipients compared to 79 percent for all recipients. Although less frequently than recipients overall, a minority of validation recipients were still awarded payments greater than $500 above what they would have been awarded had accurate (IRS) data been

used. The rate of underawards, which in general for recipients did not exceed $500 and occurred infrequently, dropped further in frequency and magnitude for PAV recipients; only 1 percent were awarded $51-200 less than would be the case based on IRS data.

From the perspective of quality control, these findings imply that validation did increase the accuracy of income and tax data to a small extent and that this generally resulted in fewer and smaller over- and under-payments. However, misreporting was found among some validation applicants with the result that some validation recipients were overpaid. Thus, while validation was somewhat effective, it did not produce the results sought.

VALIDITY OF CORRECTED DATA FOR PAV RECIPIENTS

In addition to analyzing IRS/BEOG discrepancies overall for PAV applicants, the accuracy of PAV recipients' data was examined at different points in time to assess changes that could be ascribed to validation.

The final analysis discussed in this chapter examined changes in data validity that occurred between selection for validation and subsequent transactions to assess the impact of corrections on data validity for PAV recipients. This analysis addressed data validity for PAV recipients selected according to pre-established criteria (PEC) and for those selected at random. Also, validity was examined in all data fields, defined as follows: for income and taxes, data were considered valid if BEOG-reported figures were within $\pm$$500 of figures reported to IRS for dependents, and within $\pm$$100 of figures reported to IRS for independents; for household size, SEI and award, data were considered valid if BEOG values were identical to IRS-based values.

Table 5.11 shows the two outcomes found for the overwhelming majority of PAV recipients: (a) their data were invalid at selection and had become valid post-selection, or (b) their data at selection were already valid. The former outcome suggests that validation may have increased data validity, although edits and unsolicited corrections may also have

TABLE 5.11: CHANGES IN DATA VALIDITY* FROM SELECTION FOR VALIDATION TO POST SELECTION FOR PAY RECIPIENTS

	% Moved from In-Valid to Valid by Field					% Already Valid at Selection by Field				
	Adjusted Gross Income	Federal Taxes	Household Size	Eligibility Index	Award Amount	Adjusted Gross Income	Federal Taxes	Household Size	Eligibility Index	Award Amount
ALL PAY Recipients N = 108, 265	12.9	6.6	0	12.7	9.0	68.9	81.9	66.6	56.9	77.1
PAY Recipients Selected by PEC N = 90, 426	13.5	7.0	0	12.9	9.2	67.1	80.9	65.9	56.5	76.5
PAY Recipients Selected at Random N = 17, 839	9.5	4.6	0	11.2	8.0	78.2	87.3	69.8	59.3	80.4

*Note: Adjusted gross income and federal tax data were considered valid here when IRS figures were within ±$500 of BEOG-reported figures for dependent students and within ±$100 of BEOG figures for independent students. Household size, eligibility indices, and award amounts were considered valid when IRS-based values were identical to BEOG values.

had some effect as these can occur concurrent with validation. The latter outcome indicates that recipients already had accurate data when selected for validation, and that validation was therefore unnecessary.

In a small proportion of cases, not shown on this table, data were neither valid at selection nor post-selection, indicating that any corrective actions that occurred were ineffective in producing valid data as defined here.

The findings presented on the right side of the table show that the majority of PAV recipients already had valid data in all fields when they were selected for validation. At selection, 68.9 percent of PAV recipients had valid income data, nearly 82 percent had valid tax data, and two-thirds had reported household size accurately. As a result, over half had BEOG SEIs that were identical to IRS-based SEIs, and no IRS/BEOG payment discrepancy existed for over three-fourths of PAV recipients when they were first selected for validation. These findings indicate that valid data were achieved in most cases through the edit system, which thus appears to be operating effectively.

Comparing PAV recipients selected by pre-established criteria (PEC) to those selected at random, Table 5.11 shows that recipients in the random group had valid data at selection more frequently than PEC recipients. This occurred for all fields with the result that, at selection for validation, 80.4 percent of the random group had BEOG award amounts identical to amounts based on IRS data compared to 76.5 percent of the PEC group.

The left side of the table shows that PEC recipients were more likely than those in the random group to move toward increased data validity from selection to post-selection. Some 13.5 percent of the PEC group compared to 9.5 percent of the random group exhibited invalid AGI data at selection for validation and had accurate AGI data post-selection. For taxes paid, 7 percent of the PEC group compared to 4.6 percent of the random group moved from invalid data at selection to valid data post-selection. This did not occur for either PEC or random recipients with respect to household size. For both groups, household size data

were already valid at selection in most cases, with a large minority of each group showing invalid data both at selection and post-selection (34% of PEC recipients and 30% of random recipients).

When the impact on SEI is examined by group, 12.9 percent of PEC recipients compared to 11.2 percent of the random group had invalid SEIs at selection and identical IRS/BEOG SEIs post-selection. In terms of award amounts, 9.2 percent of the PEC group compared to 8 percent of the random group showed invalid awards at selection and valid amounts post-selection.

In summary, the findings indicate that the majority of PAV recipients (77%) had valid award amounts when they were selected for validation. The fact that this was less often the case for PEC recipients compared to the random group indicates that pre-established criteria were more effective than random selection in identifying applicants for whom validation was needed. A related finding is that data were more often found to have changed from invalid at selection to valid post selection for PEC recipients than for those in the random group. For the 23 percent of PAV recipients who did need validation, 9 percent of the PEC group compared to 8 percent of the random group showed valid awards post-selection. For about 14 percent of PAV recipients, validation and/or other corrections did not yield BEOG award amounts identical to IRS-based amounts. Finally, the data also indicate that overawards exceeding $500 were made to 4 percent of PAV recipients.

6

REPORTING ACCURACY OF SUPPLEMENTAL APPLICANTS

This final chapter presents findings concerning the accuracy of BEOG-reported data for supplemental applicants. IRS/BEOG discrepancies in adjusted gross income, and the effects of misreporting on student eligiblity indices and award amounts are summarized. The current 1979-80 findings on supplemental applicants are discussed briefly in relation to data resulting from the 1974-75 and 1976-77 comparison studies. The reporting accuracy of supplemental applicants is compared to that of regular (non-supplemental) applicants to provide a perspective on overall 1979-1980 misreporting trends. Finally, the effect of edits on accuracy of data for supplemental applicants is discussed.

ACCURACY OF BEOG REPORTED AGI FOR SUPPLEMENTAL APPLICANTS

Discrepancies between IRS- and BEOG-reported data have a different meaning for regular and supplemental applicants. For income and taxes, regular applicants' BEOG-reported figures are supposed to be <u>equal</u> to the figures reported on their federal income tax returns. In fact, application instructions refer the applicant to the precise line on his/her tax return from which to obtain the entry for the BEOG application. Discrepancies between the pair of figures, then, would almost always indicate misreporting for regular applicants, whether of an intentional or unintentional nature. Supplemental applicants, though, are instructed to <u>estimate</u> the relevant figures for the current application year. Discrepancies between their BEOG estimates and current-year IRS figures, then, indicate that the estimates were inaccurate, but these inaccuracies are not necessarily indicators of misreporting.

Table 6.1 presents discrepancies between IRS- and BEOG-reported gross income figures. As the first column indicates, few applicants estimated income accurately: two percent were within $50 of income reported on IRS tax returns, and only seven percent were within $200 of IRS figures. One-quarter of the applicants did estimate AGI within $1,000 of the figure reported to IRS, however, and nearly half (46%) of the applicants' income figures were within $2,000 of IRS-reported data.

TABLE 6.1: DISCREPANCIES IN ADJUSTED GROSS INCOME BY RECIPIENT STATUS FOR SUPPLEMENTAL APPLICANTS

	DISCREPANCIES IN ADJUSTED GROSS INCOME	TOTAL %	RECIPIENTS %	NON-RECIPIENTS %
IRS > BEOG	$5001+	18	17	19
	$2001 - 5000	25	25	25
	$1001 - 2000	17	17	15
	$501 - 1000	9	10	7
	$201 - 500	6	6	5
	$51 - 200	3	3	3
	± $50	2	2	3
BEOG > IRS	$51 - 200	2	2	1
	$201 - 500	3	3	2
	$501 - 1000	3	3	3
	$1001 - 2000	4	4	4
	$2001 - 5000	5	5	8
	$5001+	4	3	5
	N =	44,946	38,990	5,956

The majority of supplemental applicants underestimated income by more than $50 on their Basic Grant Application (75%). A significant proportion underestimated AGI by more than $2,000 (43%). Overestimates of $2,000 or more, on the other hand, were made by nine percent of the applicants.

The recipient status of supplemental applicants is also indicated on Table 6.1. Discrepancy rates indicate that recipients were able to estimate income within $50 of IRS figures slightly more often than nonrecipients. Nonrecipients underestimated income more frequently, whereas recipients overestimated more frequently. Overall, however, the differences between recipients and nonrecipients were quite small with respect to accuracy of BEOG-reported income data.

EFFECT OF MISREPORTING ON SEI AND AWARD

Table 6.2 compares supplemental applicants' BEOG SEIs with SEIs calculated by substituting IRS-reported data on income and taxes paid into the SEI formula. IRS-based SEIs that exceed BEOG SEIs indicate that applicants' eligiblity would be reduced if actual rather than estimated financial figures were used in eligibility index determinations.

Considering the AGI discrepancies discussed previously, it is suprising to note that almost a third of all supplemental applicants (31%) had IRS-based SEIs within 50 points of BEOG SEIs, and 44 percent had SEI discrepancies no larger than 200 points. However, 20 percent of supplemental applicants were found to have IRS-based SEIs over 800 points larger than BEOG SEIs' BEOG SEIs exceeded IRS-based SEIs by 800 points for only three percent of the supplemental population.

Looking at SEI discrepancies for supplementals by recipient status, Table 6.2 shows that discrepancies within 200 points occurred slightly more often among recipients (44%) than nonrecipients (42%). In addition, significant SEI discrepancies were less likely among recipients than nonrecipients. IRS-based SEIs exceeded BEOG SEIs by over 800 points for 20 percent of recipients compared to 23 percent of nonrecipients. Moreover, while only four percent of recipients had BEOG SEIs over 500 points larger than IRS-based SEIs, the rate was twice that for nonrecipients (8%).

TABLE 6.2: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY RECIPIENT STATUS FOR SUPPLEMENTAL APPLICANTS

	DISCREPANCY IN STUDENT ELIGIBILITY INDEX	TOTAL %	RECIPIENT %	NON-RECIPIENT %
IRS > BEOG	801 +	20	20	23
	501 - 800	10	11	9
	201 - 500	16	17	14
	51 - 200	10	10	9
	± 50	31	31	30
BEOG > IRS	51 - 200	3	3	3
	201 - 500	4	4	4
	501 - 800	2	2	2
	801+	3	2	6
	N =	44,946	38,990	5,956

The effect of these discrepancies in terms of award amount is shown on Table 6.3. For recipients, BEOG payments of record were compared to award amounts calculated by substituting IRS data in payment determinations. For nonrecipients, application data from the last official transaction were used to determine BEOG-based award amounts.

IRS/BEOG award amounts were within $50 for a fairly large proportion of supplemental applicants (45%), regardless of recipient status. BEOG payment amounts were within $200 of IRS-based amounts for over half of all the applicants (55%); this rate was somewhat higher for recipients (56%) than for nonrecipients (52%).

Still, these findings indicate overpayments in excess of $500 were made to one-fourth of supplemental recipients and nine percent received grants over $1,000 more than would have been awarded using accurate (IRS)

TABLE 6.3: DISCREPANCIES IN PAYMENT BY RECIPIENT STATUS FOR SUPPLEMENTAL APPLICANTS

	DISCREPANCIES IN PAYMENT	TOTAL %	RECIPIENTS %	NON-RECIPIENTS %
IRS > BEOG	$1001 - 2000	1	0	3
	$501 - 1000	2	2	3
	$201 - 500	3	3	4
	$51 - 200	3	3	2
	± $50	45	45	45
BEOG > IRS	$51 - 200	7	8	5
	$201 - 500	15	14	16
	$501 - 1000	15	16	12
	$1001 - 2000	9	9	10
	N =	44,946	38,990	5,956

data. Underawards of this magnitude occurred much less frequently: two percent of recipients received awards between $501 and $1,000 less than the payment amounts determined using IRS data.

While BEOG-based payment amounts exceeded IRS-based amounts most often among nonrecipients also, these discrepancies exceeded $500 at a lower rate for nonrecipients (22%) than for recipients (25%). However, IRS-based payment amounts exceeded BEOG-based amounts more frequently overall for nonrecipients than for recipients.

COMPARISON OF 1974-75, 1976-77 AND 1979-80 STUDY FINDINGS FOR SUPPLEMENTAL APPLICANTS

During 1974-75, less than 2 percent of all Basic Grant applicants filed supplemental applications. The proportion of supplementals grew to nearly 6 percent of all applicants in 1976-77. In 1979-80, the proportion of supplemental applicants decreased to under 2 percent again.

Reporting trends since 1974-75 for supplemental applicants were examined by comparing data resulting from the previous two IRS/BEOG studies with findings from the current study. Specifically, discrepancies in adjusted gross income and the impact of misreporting on eligibility indices found during these IRS/BEOG studies were compared. (Payment discrepancies are not addressed as this data were not available for the earlier study.)

Table 6.4 shows that the accuracy of 1978-80 income data decreased relative to 1974-75 data (7.2% vs. 13.6%) and that underreporting of income increased. Although 1976-77 data on AGI is not available in comparable terms, study findings do indicate that this trend has been continuous. (Underrporting of income by more than $2,000 occurred at the rate of 35 percent among supplemental applicants in 1976-77; the rate had grown to 43 percent in 1979-80.)

TABLE 6.4: AGI DISCREPANCIES FOUND IN 1974-75 AND 1979-80 IRS/BEOG STUDIES

Discrepancies in Adjusted Gross Income	1974-75 %	1979-80 %
IRS > BEOG	68.5	74.7
Accurate (±200)	13.6	7.2
BEOG > IRS	17.8	18.1

As indicated on Table 6.5, however, the impact of misreporting on eligibility indices has varied since 1974-75, even though underreporting continued to increase among supplementals. BEOG SEIs were within 200 points of IRS-based SEIs at the same rate in 1979-80 as found in 1974-75 (44%). Only 27.5 percent of supplemental applicants had such comparable IRS/BEOG SEIs in 1976-77.

TABLE 6.5: SEI DISCREPANCIES FOUND IN 1974-75, 1976-77, AND 1979-80 IRS/BEOG STUDIES

Discrepancies in Adjusted Gross Income	1974-75 %	1976-77 %	1979-80 %
Decreased Eligibility Potential (IRS > BEOG)	46.7	58.5	46.8
Comparable (±200)	44.4	27.5	44.3
Increased Eligibility Potential (BEOG > IRS)	8.0	14.0	8.9

The change in eligibility rules since the 1976-77 study accounts for the finding that SEIs in 1979-80 were less discrepant with IRS-based SEIs than in 1976-77, even though income was underreported more often. As discussed earlier, the Middle Income Student Assistance Act increased the number of students eligible for a minimum grant. In the 1974-75 study group, a larger proportion of supplemental applicants were eligible (62%) than were ineligible (38%). The proportion of eligible supplemental applicants in the 1976-77 study delined (48%) and was nearly equal to the proportion of ineligibles (52%). However, eligibles represented 98 percent of the study sample in 1979-80 comparison study.

COMPARISON OF OVERALL MISREPORTING BY SUPPLEMENTAL AND REGULAR APPLICANTS

Discrepancies in adjusted gross income and the effects of misreporting on eligibility and award for supplemental applicants were compared to findings for regular (non-supplemental) applicants to examine differences between these groups. Table 6.6 summarizes AGI discrepancies by recipient status for supplemental and regular applicants. Income data provided by supplementals were significantly less accurate than income data reported by regular applicants. BEOG AGI data were within $50 of figures reported to IRS for 65.4 percent of regular applicants compared to only 2.5 percent of supplemental applicants. For both regular and

TABLE 6.6: DISCREPANCIES IN ADJUSTED GROSS INCOME BY RECIPIENT STATUS FOR SUPPLEMENTAL AND REGULAR APPLICANTS

Discrepancies in Adjusted Gross Income	SUPPLEMENTAL APPLICANTS		
	Total %	Recipients %	Non-Recipients %
IRS > BEOG	77.8	78.5	73.2
Accurate (± $50)	2.5	2.4	2.8
BEOG > IRS	19.7	19.1	24.0
TOTAL (N=)	100.0 44,946	100.0 38,990	100.0 5,956

Discrepancies in Adjusted Gross Income	REGULAR APPLICANTS		
	Total %	Recipients %	Non-Recipients %
IRS > BEOG	25.7	23.5	28.4
Accurate (± $50)	65.4	68.6	61.4
BEOG > IRS	8.9	7.9	10.2
TOTAL (N=)	100.0 2,392,594	100.0 1,339,356	100.0 1,053,238

supplemental applicants, when misreporting occurred income was most often underreported to BEOG. Supplementals underreported income three times as often as regular applicants (78% compared to 26%).

The rate of underreporting AGI for supplemental recipients was higher than the rate for supplemental nonrecipients (78.5% compared to 73.2%). The opposite was found for regular applicants: 23.5 percent of regular recipients underreported compared to 28.4 percent of nonrecipients. Income was overreported more often by nonrecipients than by recipients among both supplemental and regular applicants.

A comparison of the impact of misreporting on eligibility indices is presented in Table 6.7. As might be expected considering AGI discrepancies, supplemental applicants had BEOG SEIs within 50 points of IRS-based SEIs at less than half the rate of regular applicants (30.9% compared to 83.5%). IRS-based SEIs were over 50 points higher than BEOG SEIs significantly more often for supplementals (56.9%) than for regular applicants (12.8%). For both supplemental and regular applicants, however, recipients were more likely than nonrecipients to show potential for decreased eligibility when SEIs were based on IRS data.

TABLE 6.7: DISCREPANCIES IN STUDENT ELIGIBLITY INDICES BY RECIPIENT STATUS FOR SUPPLEMENTAL AND REGULAR APPLICANTS

	SUPPLEMENTAL APPLICANTS		
Discrepancies in SEI	Total %	Recipients %	Non-Recipients %
Decreased Eligibility Potential (IRS > BEOG)	56.9	57.3	54.5
Comparable (± 50)	30.9	31.0	30.4
Increased Eligibility Potential (BEOG > IRS)	12.2	11.7	15.1
TOTAL (N=)	100.0 44,946	100.0 38,990	100.0 5,956

	REGULAR APPLICANTS		
Discrepancies in SEI	Total %	Recipients %	Non-Recipients %
Decreased Eligibility Potential (IRS > BEOG)	12.4	14.5	9.7
Comparable (± $50)	83.5	80.8	87.0
Increased Eligibility Potential (BEOG > IRS)	4.1	4.7	3.3
TOTAL (N=)	100.0 2,392,594	99.9 1,339,356	100.0 1,053,238

The findings on eligibility are reflected in data on award discrepancies, shown on Table 6.8. BEOG award amounts were within $50 of IRS-based awards for only 45.3 percent of supplemental applicants compared to 88.3 percent of regular applicants. Supplementals were considerably more likely to have overawards compared to regular applicants (46.1% vs. 9.1%). In short, supplemental applicants reported data to BEOG much less accurately than regular applicants did and were much more likely to receive overpayments.

TABLE 6.8: DISCREPANCIES IN PAYMENT BY RECIPIENT STATUS FOR SUPPLEMENTAL AND REGULAR APPLICANTS

	SUPPLEMENTAL APPLICANTS		
Discrepancies in Payment	Total %	Recipients %	Non-Recipients %
Increased Award Potential (IRS > BEOG)	8.6	8.2	11.9
Comparable (± $50)	45.3	45.4	44.7
Decreased Award Potential (BEOG > IRS)	46.1	46.4	43.4
TOTAL (N=)	100.0 44,345	100.0 38,990	99.9 5,956

	REGULAR APPLICANTS		
Discrepancies in Payment	Total %	Recipients %	Non-Recipients %
Increased Award Potential (IRS > BEOG)	2.6	2.7	2.5
Comparable (± $50)	88.3	87.0	90.0
Decreased Award Potential (BEOG > IRS)	9.1	10.3	7.5
TOTAL (N=)	100.0 2,392,594	100.0 1,329,356	100.0 1,063,238

EFFECT OF EDITS ON THE ACCURACY OF BEOG-REPORTED DATA FOR SUPPLEMENTAL APPLICANTS

To determine the effect of edits on accuracy of BEOG data, IRS/BEOG discrepancies in SEI and award were examined when application data were corrected by supplementals in response to edits (solicited corrections) and when data were corrected without edits (unsolicited connections). Analyses included discrepancies associated with solicited and unsolicited corrections to adjusted gross income, taxes paid, and household size.

The discrepancies found in SEI after solicited and unsolicited corrections to these data fields are presented in Table 6.9. Nearly one-third of all supplemental applicants had IRS-based SEIs within 50 points of BEOG SEIs after corrections (solicited and unsolicited) were made. However, IRS/BEOG SEIs were within 50 points more frequently when AGI and tax corrections were solicited than when these corrections were unsolicited. This difference is particularly striking for tax corrections: 38 percent of solicited tax corrections compared to 25 percent of unsolicited tax corrections resulted in IRS-based SEIs within 50 points of BEOG SEIs. For corrections to household size, IRS-based SEIs were within 50 points of BEOG SEIs at the rate of 31 percent, regardless of whether corrections were solicited or unsolicited.

Looking at the potential for reduced eligibility (indicated by discrepancies in which IRS-based SEIs exceed BEOG SEIs), the findings indicate that, for supplemental applicants, this was less likely when unsolicited rather than solicited corrections to AGI and taxes were made; this was more likely, however, when solicited rather than unsolicited household size corrections were made. IRS based SEIs were over 200 points higher than BEOG SEIs for 46 percent of solicited AGI corrections compared to 49 percent of unsolicited AGI corrections. The rates were 46 percent for solicited tax corrections compared to 56 percent for unsolicited tax corrections. On the other hand, for corrections to household size, discrepancies of over 200 points favoring reduced eligibility occurred at the rate of 50 percent for solicited corrections compared to 49 percent of unsolicited corrections; discrepancies of over 500 points were found for 35 percent of solicited corrections compared to only 31 percent of unsolicited corrections.

TABLE 6.9: DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: SUPPLEMENTAL APPLICANTS

DISCREPANCIES IN STUDENT ELIGIBILITY INDICES	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG: 801+	21	22	20	28	23	30	21	24	20
IRS > BEOG: 501 - 800	11	10	11	10	11	10	11	11	11
IRS > BEOG: 201 - 500	17	14	18	15	12	16	17	15	18
IRS > BEOG: 51 - 200	11	9	11	9	8	10	11	19	11
±50	31	32	31	28	38	25	31	31	31
BEOG > IRS: 51 - 200	3	3	3	2	2	2	3	3	3
BEOG > IRS: 201 - 500	3	4	3	3	2	4	3	4	3
BEOG > IRS: 501 - 800	1	2	1	2	2	1	1	2	1
BEOG > IRS: 801+	2	4	2	2	3	2	2	3	1
TOTAL N =	23475	4948	18527	4529	1142	3387	24662	4005	20661

Looking at the potential for increased eligibility if SEIs were based on accurate data (indicated when BEOG SEIs exceed IRS SEIs), Table 6.9 shows that this was more likely when corrections were solicited rather than solicited. BEOG SEIs exceeded IRS-based SEIs by more than 200 points for 10 percent of solicited AGI corrections compared to 6 percent of unsolicited AGI corrections, and for 9 percent of solicited household size corrections compared to 5 percent for unsolicited correction. For corrections to taxes paid, discrepancies of over 500 points in this direction occurred for five percent of solicited corrections while the rate for unsolicited tax corrections was three percent.

The SEI discrepancies found in relation to solicited and unsolicited corrections were consistant with payment discrepancies found after corrections were made. Table 6.10 shows that BEOG payment amounts were within $50 of amounts based on IRS data more frequently when solicited rather than unsolicited AGI corrections were made (46% of solicited AGI corrections compared to 44% of unsolicited corrections). Similarly, some 53 percent of solicited tax corrections compared to only 37 percent of unsolicited tax corrections were associated with BEOG payment awards within $50 of IRS-based amounts. For household size corrections, the rate was 44 percent for both solicited and unsolicited changes in application data.

Overawards are indicated when BEOG payment amounts are higher than IRS-based amounts. This was less likely when AGI and tax corrections were solicited than when they were unsolicited. Overawards exceeded $50 for 46 percent of solicited AGI corrections compared to 49 percent of unsolicited AGI corrections; for tax corrections the rates were 42 percent for solicited corrections and 46 percent for unsolicited. For corrections to household size, though, only overawards of $51-$500 were less frequent when corrections were unsolicited (20%) compared to solicited (24%). Overpayments exeeding $500 were more likely when solicited household size corrections were made (28%) and occurred less often when such corrections were not solicited (25%).

TABLE 6.10: DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTIONS MADE: SUPPLEMENTAL APPLICANTS

DISCREPANCIES IN PAYMENT	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG: $1001 - 2000	1	1	0	0	1	0	1	1	0
IRS > BEOG: $501 - 1000	1	2	1	2	2	1	1	2	1
IRS > BEOG: $201 - 500	2	3	2	2	2	3	2	3	2
IRS > BEOG: $51 - 200	2	2	2	2	0	2	2	2	2
±$50	45	46	44	41	53	37	44	44	44
BEOG > IRS: $51 - 200	8	6	8	6	4	7	8	6	8
BEOG > IRS: $201 - 500	16	14	16	14	12	15	16	14	16
BEOG > IRS: $501 - 1000	16	16	16	17	14	18	16	17	16
BEOG > IRS: $1000 - 2000	9	10	9	15	12	16	10	11	9
TOTAL N =	23475	4948	18527	4529	1142	3387	24666	4005	20661

The findings with respect to underawards would also be expected given the SEI discrepancies discussed earlier. Underawards of over $50 were indicated more often after solicited AGI and household size corrections were made than after unsolicited corrections were made to these fields: for solicited AGI corrections the rate was 8 percent compared to 5 percent for unsolicited corrections; for solicited household size corrections the rate was 8 percent compared to 5 percent for unsolicited corrections. For tax corrections, most underawards did occur less often when corrections were solicited as compared to unsolicited. Underawards that exceeded $1,000, however, occurred slightly more often after solicited corrections were made than after unsolicited corrections were made.

The findings indicate that edits concerning income and, to an even greater extent, edits concerning taxes promoted changes in application data that reduced overawards to supplemental applicants. Overawards of up to $500 occurred less frequently when household size data was corrected in response to edits. Underawards occurred far less frequently in general than overawards, and were minimized primarily by edits concerning federal taxes.

In summary, IRS/BEOG discrepancies for supplement applicants exceeded those found for regular applicants in both frequency and magnitude. Income was underreported by more than $200 by 75 percent of supplemental recipients, compared to 20 percent of regular recipients. As a result, almost 40 percent of supplemental received overawards of over $200, compared to 7 percent of recipients. One major difference affecting this data, however, is that supplemental applicants are expected to <u>estimate</u> income and tax figures, while regular applicants are expected to report <u>actual</u> dollar amounts. To some degree, therefore, discrepancies for supplemental applicants reveal the extent to which their estimates were inaccurate.

APPENDIX A

DETAILED MATCH RATES
(IN PERCENTS)

TABLE A.1: MATCH RATES FOR DEPENDENT AND INDEPENDENT APPLICANTS (TOTAL SAMPLE)

DEPENDENTS

INCOME	WEIGHTED SAMPLE SIZE	DROPPED FROM SAMPLE			TOTAL DROPPED	
		NO SSN (on BEOG Record)	NO IRS RETURN FILED	IRS RETURN FILED BUT DATA MISSING	NO MATCH TOTAL	GOOD MATCH TOTAL
Less than $1,000	304,273	11.4	46.3	23.8	81.6	18.3
$1,000-1,999	28,856	9.0	19.3	21.0	49.4	50.5
$2,000-3,999	88,338	8.2	17.4	16.1	41.8	58.1
$4,000-6,999	183,547	8.0	12.7	10.8	31.6	68.3
$7,000-12,499	380,926	6.1	6.5	7.5	20.2	79.7
$12,500-14,999	166,068	4.9	3.7	5.2	14.0	85.9
$15,000-17,499	170,157	5.2	2.7	4.4	12.4	87.5
$17,500-25,000	485,504	4.2	1.8	3.2	9.4	90.5
$25,000 or more	421,479	3.6	1.4	2.6	7.7	92.2
Missing	48,598	54.3	5.3	6.8	66.6	33.3
Total	2,277,746	7.1	10.5	8.2	25.9	74.0

INDEPENDENTS

INCOME	WEIGHTED SAMPLE SIZE (%)	DROPPED FROM SAMPLE			TOTAL DROPPED	
		NO SSN (on BEOG Record) (%)	NO IRS RETURN FILED (%)	IRS RETURN FILED BUT DATA MISSING (%)	NO MATCH TOTAL (%)	GOOD MATCH TOTAL (%)
Less than $1,000	404,274	.1	33.6	41.3	75.0	24.9
$1,000-1,999	107,644	.1	8.2	28.1	36.4	63.5
$2,000-3,999	195,569	.1	7.1	19.3	26.5	73.4
$4,000-6,999	209,638	.1	7.4	12.3	19.9	80.0
$7,000-12,499	188,538	.1	5.1	8.5	13.8	86.1
$12,500-14,999	37,188	.1	4.6	6.8	11.6	88.3
$15,000-17,499	25,683	0	3.3	6.4	9.8	90.1
$17,500-25,000	37,051	0	3.4	5.6	9.1	90.8
$25,000 or more	10,317	0	4.3	7.7	12.0	87.9
Missing	15,935	0	19.9	26.7	46.6	53.3
Total	1,231,837	.1	15.5	23.4	39.1	60.8

TABLE A.2: MATCH RATES FOR RECIPIENTS (TOTAL SAMPLE)

DEPENDENTS

INCOME	WEIGHTED SAMPLE SIZE (N)	DROPPED FROM SAMPLE: NO SSN (or BEDS Record) (%)	DROPPED FROM SAMPLE: NO IRS RETURN FILED (%)	DROPPED FROM SAMPLE: IRS RETURN FILED BUT DATA MISSING (%)	TOTAL DROPPED: NO MATCH TOTAL (%)	TOTAL DROPPED: GOOD MATCH TOTAL (%)
Less than $1,000	211,252	9.4	49.4	25.4	84.2	15.7
$1,000-1,999	21,066	7.5	19.9	21.5	49.0	50.9
$2,000-3,999	66,179	7.4	17.8	15.8	41.1	58.8
$4,000-6,999	138,356	7.2	13.1	10.5	30.9	69.0
$7,000-12,499	281,130	5.4	6.7	7.1	19.4	80.5
$12,500-14,999	120,235	4.5	3.9	5.0	13.5	86.4
$15,000-17,499	119,954	4.8	2.8	4.5	12.1	87.8
$17,500-25,000	297,890	3.8	2.0	3.2	9.1	90.8
$25,000 or more	127,226	3.2	1.4	2.9	7.5	92.4
Total	1,383,288	5.6	12.5	9.3	27.5	72.4

INDEPENDENTS

INCOME	WEIGHTED SAMPLE SIZE (N)	DROPPED FROM SAMPLE: NO SSN (or BEDS Record) (%)	DROPPED FROM SAMPLE: NO IRS RETURN FILED (%)	DROPPED FROM SAMPLE: IRS RETURN FILED BUT DATA MISSING (%)	TOTAL DROPPED: NO MATCH TOTAL (%)	TOTAL DROPPED: GOOD MATCH TOTAL (%)
Less than $1,000	245,679	.10	33.1	41.9	75.2	24.7
$1,000-1,999	78,387	.20	7.0	28.3	35.6	64.3
$2,000-3,999	134,879	.10	6.3	18.8	25.3	74.6
$4,000-6,999	117,997	.20	7.1	12.4	19.9	80.0
$7,000-12,499	74,700	.30	6.0	8.7	15.1	84.8
$12,500-14,999	4,063	.40	7.9	7.5	17.0	82.9
$15,000-17,499	1,199	0	7.5	13.5	21.7	78.2
$17,500-25,000	1,912	0	3.2	3.6	6.9	93.0
$25,000 or more	120	0	29.1	0	30.0	70.0
Total	658,954	.20	16.5	26.1	42.9	57.0

TABLE A.3: MATCH RATES FOR NON-RECIPIENTS (TOTAL SAMPLE)

DEPENDENTS

INCOME	WEIGHTED SAMPLE SIZE	DROPPED FROM SAMPLE			TOTAL DROPPED	
		NO SSN (on BEDG Record)	NO IRS RETURN FILED	IRS RETURN FILED BUT DATA MISSING	NO MATCH TOTAL	GOOD MATCH TOTAL
Less than $1,000	93,021	15.8	39.4	20.3	75.7	24.2
$1,000-1,999	7,790	12.8	17.8	20.0	50.7	49.2
$2,000-3,999	22,159	10.7	16.0	16.8	43.6	56.3
$4,000-6,999	45,191	10.5	11.3	11.9	33.7	66.2
$7,000-12,499	99,796	7.8	6.0	8.7	22.6	77.3
$12,500-14,999	46,833	6.1	3.3	5.9	15.4	84.5
$15,000-17,499	50,203	6.1	2.4	4.4	13.0	86.9
$17,500-25,000	187,614	4.9	1.7	3.9	9.8	90.1
$25,000 or more	294,253	3.8	1.4	2.5	7.8	92.1
Missing	48,598	54.3	5.3	6.8	66.6	33.3
Total	894,458	9.3	7.3	6.7	23.4	76.5

INDEPENDENTS

INCOME	WEIGHTED SAMPLE SIZE	DROPPED FROM SAMPLE			TOTAL DROPPED	
		NO SSN (on BEDG Record)	NO IRS RETURN FILED	IRS RETURN FILED BUT DATA MISSING	NO MATCH TOTAL	GOOD MATCH TOTAL
Less than $1,000	158,577	0	34.4	40.3	74.7	25.2
$1,000-1,999	29,257	0	11.4	27.3	38.7	61.2
$2,000-3,999	60,690	0	8.9	20.3	29.2	70.7
$4,000-6,999	91,641	0	7.7	12.1	19.9	80.0
$7,000-12,499	113,838	0	4.5	8.4	13.0	86.9
$12,500-14,999	33,125	0	4.2	6.7	11.0	88.9
$15,000-17,499	24,464	0	3.1	6.1	9.2	90.7
$17,500-25,000	35,139	0	3.4	5.7	9.2	90.7
$25,000 or more	10,197	0	4.0	7.7	11.8	88.1
Missing	15,935	0	19.9	26.7	46.6	53.3
Total	572,883	0	14.4	20.2	34.6	65.3

TABLE A.4: MATCH RATES FOR SUPPLEMENTAL AND REGULAR APPLICANTS

SUPPLEMENTAL APPLICANTS

INCOME	WEIGHTED SAMPLE SIZE	DROPPED FROM SAMPLE: NO SSN (on BEDS Record)	DROPPED FROM SAMPLE: NO IRS RETURN FILED	DROPPED FROM SAMPLE: IRS RETURN FILED BUT DATA MISSING	TOTAL DROPPED: NO MATCH TOTAL	TOTAL DROPPED: GOOD MATCH TOTAL
Less than $1,000	11,051	.8	4.5	29.9	35.3	64.6
$1,000-1,999	5,913	.4	3.3	12.6	16.5	83.4
$2,000-3,999	11,191	.6	2.7	9.6	13.0	86.9
$4,000-6,999	10,064	1.0	3.2	7.8	12.1	87.8
$7,000-12,499	9,344	1.9	2.7	6.7	11.3	88.6
$12,500-14,999	1,829	1.6	2.6	4.3	8.7	91.2
$15,000-17,499	1,840	4.3	1.3	5.4	11.1	88.8
$17,500-25,000	2,455	3.9	1.8	3.9	9.7	90.2
$25,000 or more	729	3.4	0	6.1	10.6	89.3
Total	54,275	1.3	2.5	12.6	17.1	82.8

REGULAR APPLICANTS

INCOME	WEIGHTED SAMPLE SIZE	DROPPED FROM SAMPLE: NO SSN (on BEDS Record)	DROPPED FROM SAMPLE: NO IRS RETURN FILED	DROPPED FROM SAMPLE: IRS RETURN FILED BUT DATA MISSING	TOTAL DROPPED: NO MATCH TOTAL	TOTAL DROPPED: GOOD MATCH TOTAL
Less than $1,000	697,496	5.0	39.6	33.8	78.5	21.4
$1,000-1,999	130,587	2.1	10.9	27.2	40.2	59.7
$2,000-3,999	272,716	2.7	10.6	18.6	32.0	67.9
$4,000-6,999	383,121	3.9	10.0	11.7	25.7	74.2
$7,000-12,499	560,120	6.1	6.1	7.9	18.2	81.7
$12,500-14,999	201,427	4.1	3.9	5.5	13.6	86.3
$15,000-17,499	194,200	4.5	2.8	4.7	12.1	87.8
$17,500-25,000	520,100	3.9	2.0	3.3	9.3	90.6
$25,000 or more	431,067	3.6	1.4	2.7	7.8	92.1
Total	3,455,308	4.7	12.4	13.6	30.7	69.2

TABLE A.5: MATCH RATES FOR PAV APPLICANTS

		DROPPED FROM SAMPLE			TOTAL DROPPED	
	WEIGHTED SAMPLE SIZE	NO SSN (on BEDS Record)	NO IRS RETURN FILED	IRS RETURN FILED BUT DATA MISSING	NO MATCH TOTAL	GOOD MATCH TOTAL
TOTAL SAMPLE	233,787	5.5	12.8	17.3	35.7	64.2
RECIPIENTS	163,643	5.2	12.1	16.4	33.8	66.1
NON-RECIPIENTS	70,144	6.0	14.6	19.3	40.0	59.9

APPENDIX B

DETAILED IRS/BEOG DISCREPANCIES BY FIELD

TABLE B.1: DISCREPANCIES IN ADJUSTED GROSS INCOME BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE

DISCREPANCIES IN ADJUSTED GROSS INCOME	TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOS									
$5,001 +	7	7	8	6	6	8	9	9	9
$2,001 - 5,000	5	4	6	4	4	6	5	5	6
$1,001 - 2,000	4	3	5	4	3	6	4	4	4
$501 - 1,000	3	3	4	3	3	5	4	3	4
$201 - 500	4	4	4	4	3	5	4	4	3
$51 - 200	4	4	3	4	4	4	4	4	3
± $50	64	65	62	67	69	61	61	60	64
BEOS > IRS									
$51 - 200	2	2	2	2	2	2	2	3	1
$201 - 500	2	2	1	1	1	1	2	2	1
$501 - 1,000	1	1	1	1	1	1	2	2	1
$1,001 - 2,000	1	2	1	1	1	1	2	2	1
$2,001 - 5,000	2	2	1	1	2	1	2	2	1
$5,001 +	1	2	1	1	2	.2	2	2	1
N =	2,437,540	1,687,539	750,001	1,378,247	1,002,485	375,762	1,059,293	685,054	374,239

B.1

TABLE B.2: DISCREPANCIES IN ADJUSTED GROSS INCOME SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY BEOG REPORTED INCOME RANGES: TOTAL SAMPLE

DISCREPANCIES IN ADJUSTED GROSS INCOME	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG										
$5,001 +	39	8	6	6	6	5	4	3	2	7
$2,001 - 5,000	16	5	4	4	4	3	4	4	4	5
$1,001 - 2,000	10	7	4	3	3	2	3	3	3	4
$501 - 1,000	6	6	5	4	3	2	3	3	4	3
$201 - 500	4	6	5	3	3	3	3	4	5	4
$51 - 200	2	5	4	3	3	3	4	4	6	4
± $50	21	56	63	69	71	72	71	70	63	64
$51 - 200	1	2	2	2	1	2	2	2	3	2
$201 - 500	.5	2	2	2	1	1	1	2	2	2
$501 - 1,000	.3	2	2	1	1	1	1	1	2	1
$1,001 - 2,000	.3	1	2	2	1	1	1	1	2	1
$2,001 - 5,000	.3	.3	1	2	2	2	1	1	2	2
BEOG > IRS $5,001 +	1	.1	.2	1	1	2	2	2	3	1
TOTAL N =	156,411	82,943	194,956	293,329	466,054	175,584	172,142	473,534	397,840	2,437,540

B.2

TABLE B.3: DISCREPANCIES IN ADJUSTED GROSS INCOME: DEPENDENT RECIPIENTS

DISCREPANCIES IN ADJUSTED GROSS INCOME	BEOG REPORTED ADJUSTED GROSS INCOME: Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG: $5,001 +	45	14	9	7	6	4	3	2	1	6
$2,001 - 5,000	14	4	4	3	3	3	3	3	3	4
$1,001 - 2,000	5	4	4	3	3	2	3	3	3	3
$501 - 1,000	3	3	3	3	2	3	3	3	3	3
$201 - 500	2	3	3	3	2	3	3	4	5	3
$51 - 200	1	4	3	3	3	4	4	5	6	4
± $50	29	58	63	68	71	72	73	72	69	69
$51 - 200	1	2	2	1	2	2	2	2	2	2
$201 - 500	.4	1	2	2	1	1	1	2	2	1
$501 - 1,000	1	2	1	1	1	1	1	1	1	1
$1,001 - 2,000	1	3	2	2	1	1	1	1	1	1
$2,001 - 5,000	1	2	3	2	2	2	1	1	1	2
BEOG > IRS: $5,001 +	1	.5	1	1	2	2	2	2	2	2
TOTAL =	33,215	10,741	30,914	95,580	226,466	103,964	105,335	270,711	117,559	1,002,485

B.3

TABLE B.4: DISCREPANCIES IN ADJUSTED GROSS INCOME: INDEPENDENT RECIPIENTS

DISCREPANCIES IN ADJUSTED GROSS INCOME	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
$5,001 +	29	5	4	4	3	4	7	2	0	8
$2,001 - 5,000	16	6	4	3	4	4	6	5	0	6
$1,001 - 2,000	13	8	5	3	3	2	5	4	0	6
$501 - 1,000	8	7	5	4	2	1	1	2	0	5
$201 - 500	6	6	5	4	3	1	2	1	0	5
$51 - 200	3	5	4	3	3	4	0	0	0	4
± $50	23	57	65	72	75	80	73	81	79	61
$51 - 200	1	2	2	1	1	1	0	2	0	2
$201 - 500	1	2	2	1	1	0	0	3	0	1
$501 - 1,000	0	2	2	1	1	0	3	0	0	1
$1,001 - 2,000	0	1	1	1	1	1	0	0	0	1
$2,001 - 5,000	0	0	1	2	2	0	1	1	0	1
$5,001 +	0	0	0	0	1	2	0	0	0	0
TOTAL -	60,652	50,449	100,626	94,502	63,361	3,371	938	1,779	84	375,762

TABLE B.5: DISCREPANCIES IN FEDERAL INCOME TAX BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE

DISCREPANCIES IN IRS TAX PAID	TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOS: $5,001 +	1	1	0	0	1	0	1	1	0
$2,001 - 5,000	2	3	1	2	2	1	3	3	2
$1,001 - 2,000	3	3	3	2	2	2	3	3	3
$501 - 1,000	3	3	3	3	3	3	4	4	4
$201 - 500	4	4	4	4	4	4	5	5	5
$51 - 200	4	4	4	4	4	5	4	4	4
± $50	68	66	71	71	70	75	63	61	67
$51 - 200	6	5	6	6	5	6	5	5	6
$201 - 500	5	5	5	4	5	4	5	5	6
$501 - 1,000	2	3	1	2	2	0	3	4	2
$1001 - 2000	1	2	0	1	1	0	2	3	1
$2,001 - 5,000	1	1	0	0	0	0	1	1	0
BEOS > IRS: $5,001 +	0	0	0	0	0	0	0	0	0
N =	2,437,540	1,687,539	75,001	1,378,247	1,002,485	375,762	1,059,293	685,054	374,239

TABLE 8.6: DISCREPANCIES IN FEDERAL INCOME TAXES: TOTAL SAMPLE

DISCREPANCIES IN IRS TAX PAID	BASIC REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 $	$1000-1999 $	$2000-3999 $	$4000-6999 $	$7000-12499 $	$12500-14999 $	$15000-17499 $	$17500-25000 $	$25000- and above $	TOTAL $
$5,001 +	1	0	0	0	1	0	0	0	1	1
$2,001 - 5,000	0	1	1	2	2	2	2	2	2	2
$1,001 - 2,000	0	0	1	2	2	3	3	2	3	3
$501 - 1,000	0	0	0	2	4	3	3	3	4	3
$201 - 500	0	0	0	5	5	4	4	4	4	4
$51 - 200	4	2	4	6	5	4	4	4	4	4
+ $50	64	76	77	72	68	68	68	67	62	68
$51 - 200	3	11	6	6	5	5	5	5	6	6
$201 - 500	1	0	5	5	6	5	5	5	5	5
$501 - 1,000	1	0	0	1	2	3	3	3	4	2
$1001 - 2000	0	0	0	0	0	1	2	2	3	1
$2001 - 5000	0	0	0	0	0	0	0	1	2	1
$5001 +	0	0	0	0	0	0	0	0	1	0
TOTAL	156411	87943	194956	293329	466054	175584	172142	473534	397040	2431540

TABLE B.7: DISCREPANCIES IN FEDERAL INCOME TAXES: DEPENDENT RECIPIENTS

DISCREPANCIES IN IRS TAX PAID	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG										
$5,001 +	3	1	1	1	1	1	0	0	0	1
$2,001 - 5,000	10	4	3	3	3	2	2	1	1	2
$1,001 - 2,000	8	3	2	2	2	3	3	2	2	2
$501 - 1,000	6	2	1	2	3	3	3	3	3	3
$201 - 500	5	1	1	3	5	4	4	4	4	4
$51 - 200	4	1	2	5	5	4	4	4	4	4
+ $50	63	81	81	75	69	69	69	69	68	70
$51 - 200	1	6	6	5	5	6	5	5	5	5
$201 - 500	1	1	3	4	5	5	5	5	5	5
$501 - 1,000	0	0	0	0	2	3	3	3	4	2
$1001 - 2000	0	0	0	0	0	1	1	2	3	1
$2001 - 5000	0	0	0	0	0	0	0	1	1	0
BEOG > IRS $5001 +	0	0	0	0	0	0	0	0	0	0
TOTAL	33215	10741	38914	95580	226466	103964	105335	270711	177559	1002485

p.7

TABLE B.8: DISCREPANCIES IN FEDERAL INCOME TAX: INDEPENDENT RECIPIENTS

DISCREPANCIES IN IRS TAX PAID	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
$5,001 +	1	0	0	0	0	0	0	0	0	0
$2,001 - 5,000	4	1	1	1	1	1	0	0	0	1
$1,001 - 2,000	6	1	1	1	1	1	7	1	0	2
$501 - 1,000	6	1	2	2	4	7	7	0	0	3
$201 - 500	5	2	3	5	5	2	1	3	0	4
$51 - 200	4	2	5	7	4	2	4	6	42	5
± $50	71	79	78	74	71	72	58	73	26	75
$51 - 200	3	11	6	5	6	7	9	5	0	6
$201 - 500	0	2	4	4	6	4	7	5	0	4
$501 - 1,000	0	0	0	0	1	4	2	4	0	0
$1001 - 2000	0	0	0	0	0	0	4	1	0	0
$2001 - 5000	0	0	0	0	0	0	0	0	0	0
$5001 +	0	0	0	0	0	0	0	1	0	0
TOTAL	60652	50449	100626	94502	63361	3371	938	1779	84	375762

IRS > BEOG

BEOG > IRS

3'd

TABLE B.9: DISCREPANCIES IN HOUSEHOLD SIZE BY RECIPIENT AND DEPENDENT STATUS: TOTAL SAMPLE

DISCREPANCIES IN HOUSEHOLD SIZE	TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
4 and over	0	0	0	0	0	0	0	0	0
3	0	0	1	0	0	1	0	0	1
2	1	1	1	1	1	1	1	1	1
1	5	4	7	5	4	6	5	4	7
0	72	67	82	70	66	82	74	69	83
1	15	19	6	16	19	6	13	18	5
2	4	5	2	5	6	2	4	5	1
3	2	2	1	2	2	1	1	2	1
4 and over	1	2	1	2	2	1	1	1	1
N =	2,437,540	1,687,539	750,001	1,378,247	1,002,485	375,762	1,059,293	685,054	374,239

TABLE B.10: DISCREPANCIES IN HOUSEHOLD SIZE: TOTAL SAMPLE

DISCREPANICES IN HOUSEHOLD SIZE	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
4 and Over	1	0	0	0	0	0	0	0	0	0
3	2	0	0	0	0	0	0	0	0	0
2	4	1	1	1	1	1	1	1	1	1
1	13	5	5	5	5	4	4	3	3	5
0	58	79	76	70	68	71	71	75	77	72
1	12	8	10	14	16	16	17	16	15	15
2	5	3	4	5	5	5	4	4	3	4
3	3	1	2	2	2	2	1	1	1	2
4 and over	3	1	2	2	2	1	1	1	1	1
N =	156,411	82,943	194,956	293,329	466,054	175,584	172,142	473,534	397,840	2,437,540

B.10.

TABLE B.11: DISCREPANCIES IN HOUSEHOLD SIZE: DEPENDENT RECIPIENTS

DISCREPANCIES IN HOUSEHOLD SIZE	BEOG REPORTED ADJUSTED GROSS INCOME: Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG: 4 and over	2	1	0	0	0	0	0	0	0	0
3	2	0	0	0	0	0	0	0	0	0
2	4	1	1	1	1	1	1	1	0	1
1	10	6	4	4	4	4	3	3	2	4
0	40	46	49	53	61	69	70	74	75	66
BEOG > IRS: 1	22	27	25	24	21	18	18	16	17	19
2	9	10	11	9	7	5	5	4	3	6
3	5	4	5	4	3	2	2	1	1	2
4 and over	7	5	5	4	2	1	1	1	1	2
TOTAL	33,215	10,741	38,914	95,580	226,466	103,964	105,335	270,711	117,559	1,002,485

B.11.

TABLE 8.12: DISCREPANCIES IN HOUSEHOLD SIZE: INDEPENDENT RECIPIENTS

DISCREPANCIES IN HOUSEHOLD SIZE	BEOG REPORTED ADJUSTED GROSS INCOME: Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
4 and over	1	0	0	0	0	0	0	1	0	0
3	2	0	0	0	0	0	0	1	0	1
2	3	1	1	1	1	0	0	0	0	1
1	14	5	5	5	5	6	3	2	0	6
0	70	88	87	83	80	72	63	70	77	82
1	6	4	4	8	9	12	20	18	0	6
2	2	2	2	2	3	3	8	5	0	2
3	1	1	0	1	1	2	4	2	0	1
4 and over	1	1	1	0	0	3	0	2	0	1
TOTAL	60,652	50,449	100,626	94,502	63,361	3,371	938	1,779	84	375,762

TABLE B.13: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE

ELIGIBILITY INDEX DISCREPANCIES	TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
$1000	6	3	11	5	3	11	7	4	11
$501 - 800	2	2	2	2	1	2	2	2	2
$201 - 500	4	4	4	3	3	4	5	5	5
$51 - 200	7	8	5	6	7	5	8	9	6
± $50	75	77	71	79	81	75	69	71	67
$51 - 200	4	4	2	3	3	2	4	5	3
$201 - 500	2	2	2	1	1	1	2	2	2
$501 - 800	1	1	1	0	0	0	1	1	1
$1000	1	1	1	0	0	0	2	1	2
N =	2,437,540	1,687,539	750,001	1,378,247	1,002,485	375,762	1,059,293	685,054	374,239

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

B.13.

TABLE B.14: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA, BY BEOG-REPORTED INCOME RANGES: TOTAL SAMPLE

ELIGIBILITY INDEX DISCREPANCIES	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
$801	31	8	8	6	5	3	3	1	1	6
$501 - 800	5	2	2	2	2	2	1	1	1	2
$201 - 500	7	2	3	4	4	4	4	3	4	4
$51 - 200	4	2	4	5	7	7	8	9	10	7
≤ $50	52	85	80	77	75	76	77	78	75	75
$51 - 200	1	1	3	3	4	4	4	4	5	4
$201 - 500	1	1	1	2	2	2	2	2	2	2
$501 - 800	1	1	1	1	1	1	1	1	1	1
$801	1	1	1	1	1	1	1	1	2	1
TOTAL	156,411	82,943	194,956	293,329	46,6054	175,584	172,142	473,534	397,840	2,437,540

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE B.15: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA, BY BEOG-REPORTED INCOME RANGES: DEPENDENT RECIPIENTS

ELIGIBILITY INDEX DISCREPANCIES	BEOG REPORTED ADJUSTED GROSS INCOME: Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG $801	23	9	5	4	3	2	2	1	0	3
IRS > BEOG $501 - 800	9	2	1	2	2	1	1	1	0	1
IRS > BEOG $201 - 500	11	3	3	3	3	3	3	3	2	3
IRS > BEOG $51 - 200	7	3	3	3	5	7	7	8	9	7
± $50	50	82	86	87	81	80	81	81	82	81
BEOG > IRS $51 - 200	0	0	1	1	4	5	4	4	4	3
BEOG > IRS $201 - 500	0	0	0	0	1	2	1	2	1	1
BEOG > IRS $501 - 800	0	0	0	0	0	1	1	1	1	0
BEOG > IRS $801	0	0	0	0	0	0	0	0	1	0
TOTAL	33,215	10,741	38,914	95,580	226,466	103,964	105,335	270,711	117,559	1,002,485

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE B.16: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA, BY BEOG-REPORTED INCOME RANGES: INDEPENDENT RECIPIENTS

CIPIENTS

ELIGIBILITY INDEX DISCREPANCIES	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG $801	31	7	7	7	6	6	8	4	0	11
IRS > BEOG $501 - 800	3	2	2	2	6	2	3	3	0	2
IRS > BEOG $201 - 500	4	2	3	4	2	4	8	6	0	4
IRS > BEOG $51 - 200	2	2	4	7	4	6	10	8	0	5
± $50	60	87	81	74	71	74	64	76	89	75
BEOG > IRS $51 - 200	0	0	1	3	4	4	1	3	0	2
BEOG > IRS $201 - 500	0	0	0	2	2	2	4	0	0	1
BEOG > IRS $501 - 800	0	0	0	1	1	1	0	0	0	0
BEOG > IRS $801	0	0	0	0	1	1	0	0	0	0
TOTAL	60,652	50,449	100,626	94,502	63,361	3,371	938	1,779	84	375,762

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

B.16

TABLE B.17: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY RECIPIENT AND DEPENDENCY STATUS: TOTAL SAMPLE

DISCREPANCIES IN PAYMENT	TOTAL SAMPLE			RECIPIENTS			NON-RECIPIENTS		
	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
BEOG < IRS: $1,001 - 2,000	0	0	0	0	0	0	0	0	0
$501 - 1,000	0	0	0	0	0	0	1	0	1
$201 - 500	1	1	1	1	1	1	1	1	1
$51 - 200	1	1	1	2	2	1	1	1	1
± $50	87.5	88.9	84.4	85.8	87.2	82.1	89.7	91.3	86.7
IRS < BEOG: $51 - 200	3	3	2	4	4	3	2	2	1
$201 - 500	3	3	3	3	3	3	2	2	3
$501 - 1,000	2	2	4	3	2	5	2	1	3
$1001 - 2000	2	1	4	2	1	5	2	1	3
N =	2437540	1687539	750001	1378247	1002485	375762	1059293	685054	374239
NO CHANGE	83%	83%	83%	79%	79%	80%	88%	89%	86%

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE B.18: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: TOTAL SAMPLE

		BEOG REPORTED ADJUSTED GROSS INCOME									
	DISCREPANCIES IN PAYMENT SUBSTITUTING IRS for BEOG REPORTED DATA	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG	$1,001 - 2,000	0	0	0	0	0	0	0	0	1	0
	$501 - 1,000	0	0	0	0	0	0	0	0	1	0
	$201 - 500	0	0	0	1	1	1	1	1	1	1
	$51 - 200	0	0	0	1	1	2	2	2	1	1
	± $50	63.1	89.8	88.6	86.8	88.4	89.5	89.2	89.4	93.3	87.5
BEOG > IRS	$51 - 200	3	1	2	3	3	3	3	4	2	3
	$201 - 500	8	2	3	3	3	2	2	2	2	3
	$501 - 1,000	11	3	3	3	2	2	1	1	0	2
	$1001 - 2000	15	4	3	2	1	1	0	0	0	2
	N = TOTAL	156,411	82,943	194,956	293,329	466,054	175,584	172,142	473,534	397,840	2,437,540
	NO CHANGE =	62%	89%	87%	84%	84%	84%	82%	82%	89%	83%

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE B.19: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: DEPENDENT RECIPIENTS

DISCREPANCIES IN PAYMENT	BEOG REPORTED ADJUSTED GROSS INCOME: Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IRS > BEOG: $1,001 - 2,000	0	0	0	0	0	0	0	0	0	0
$501 - 1,000	0	0	0	0	0	0	0	1	1	0
$201 - 500	0	0	0	0	1	1	1	1	1	1
$51 - 200	0	0	0	0	1	2	2	3	3	2
± $50	65.7	86.3	91.2	91.7	89.5	88.1	87.3	86.0	86	87.2
BEOG > IRS: $51 - 200	5	3	2	2	3	4	4	5	5	4
$201 - 500	8	2	2	2	2	2	2	1	4	1
$501 - 1,000	11	4	2	2	2	2	2	1	0	2
$1001 - 2000	10	5	2	2	2	1	0	0	0	1
N =	33215	10741	30914	95580	226466	103964	105335	270711	117559	1002485
NO CHANGE =	63%	85%	89%	89%	84%	80%	78%	75%	73%	79%

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE B.20: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: INDEPENDENT RECIPIENTS

DISCREPANCIES IN PAYMENT	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000 and above %	TOTAL %
IRS > BEOG $1,001 - 2,000	0	0	0	0	0	0	0	0	0	0
IRS > BEOG $501 - 1,000	0	0	0	0	1	1	0	0	0	0
IRS > BEOG $201 - 500	0	0	0	1	2	2	4	0	0	1
IRS > BEOG $51 - 200	0	0	0	2	3	3	0	2	0	1
| IRS - BEOG | ≤ $50	66.3	91.3	88.2	82.4	80.1	79.2	72.4	79.3	89.3	82.1
BEOG > IRS $51 - 200	2	1	2	4	4	4	2	5	0	2
BEOG > IRS $201 - 500	4	1	2	4	5	5	12	10	0	3
BEOG > IRS $501 - 1,000	12	3	3	4	4	5	6	2	0	5
BEOG > IRS $1001 - 2000	17	3	3	2	2	1	3	2	0	5
N =	60652	50449	100626	94502	63361	3371	938	1779	84	375762
NO CHANGE =	66%	91%	87%	79%	74%	72%	65%	75%	89%	80%

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

B.20

APPENDIX C

DETAILED DISCREPANCIES AFTER SOLICITED AND UNSOLICITED CORRECTIONS

TABLE C.1: DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: TOTAL SAMPLE

DISCREPANCIES IN STUDENT ELIGIBILITY INDICES	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG: 801+	6	5	8	11	8	12	7	6	9
IRS > BEOG: 501 - 800	2	2	3	3	2	3	3	2	4
IRS > BEOG: 201 - 500	4	3	6	4	3	4	4	3	6
IRS > BEOG: 51 - 200	4	4	5	4	5	4	4	4	5
±50	79	81	73	73	77	72	77	81	71
BEOG > IRS: 51 - 200	2	2	2	2	2	2	2	2	2
BEOG > IRS: 201 - 500	1	1	2	1	1	1	1	1	2
BEOG > IRS: 501 - 800	1	1	1	1	1	1	1	0	1
BEOG > IRS: 801+	1	1	1	1	1	1	1	1	1
TOTAL N =	277654	202211	75443	58020	17286	40734	245001	164040	80961

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

C.1

TABLE C.2: DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: RECIPIENTS

DISCREPENCIES IN STUDENT ELIGIBILITY INDICES	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG: 801+	6	5	8	10	9	11	7	6	10
IRS > BEOG: 501 - 800	3	2	4	3	3	3	3	2	5
IRS > BEOG: 201 - 500	4	3	7	4	3	5	5	3	8
IRS > BEOG: 51 - 200	5	5	6	5	6	5	5	4	6
±50	77	81	68	73	75	72	75	80	66
BEOG > IRS: 51 - 200	2	2	3	2	2	2	2	2	2
BEOG > IRS: 201 - 500	1	1	2	1	1	1	1	1	2
BEOG > IRS: 501 - 800	1	1	1	1	0	1	1	1	1
BEOG > IRS: 801+	1	0	1	1	0	1	1	1	1
TOTAL N =	173142	123334	49808	34246	9705	24541	154140	99286	54854

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE C.3: DISCREPANCIES FOUND IN STUDENT ELIGIBILITY INDICES AFTER CORRECTIONS MADE: NON-RECIPIENTS

DISCREPANCIES IN STUDENT ELIGIBILITY INDICES	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG: 801+	6	5	7	12	7	14	6	5	8
IRS > BEOG: 501 - 800	2	2	1	2	1	2	2	2	1
IRS > BEOG: 201 - 500	3	3	2	4	4	4	3	3	3
IRS > BEOG: 51 - 200	3	3	2	3	3	3	3	4	2
±50	82	82	82	75	79	72	82	82	81
BEOG > IRS: 51 - 200	2	2	2	1	2	1	1	2	1
BEOG > IRS: 201 - 500	1	1	1	1	1	1	1	1	1
BEOG > IRS: 501 - 800	1	0	1	1	1	1	0	0	1
BEOG > IRS: 801+	1	1	1	1	1	1	1	1	1
TOTAL N =	104512	78877	25635	23774	7581	16193	90861	64754	26107

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE C.4: DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTION MADE: TOTAL SAMPLE

DISCREPANCIES IN PAYMENT	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG									
$1,001 - 2,000	0	0	0	0	0	0	0	0	0
$501 - 1,000	1	0	1	1	1	0	0	0	1
$201 - 500	1	1	1	1	1	1	1	1	1
$51 - 200	1	1	1	1	1	1	1	1	1
$50	84	87	79	79	83	78	83	86	77
BEOG > IRS									
$51 - 200	3	2	3	3	3	3	3	2	3
$201 - 500	4	3	5	4	4	5	4	3	6
$501 - 1,000	3	3	5	5	4	6	4	3	6
$1001 - 2000	3	3	4	6	4	6	3	3	5
TOTAL N =	277654	202211	75443	58020	17286	40734	245001	164040	80961

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE C.5: DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTION MADE: RECIPIENTS

DISCREPANCIES IN PAYMENT	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG									
$1,001 - 2,000	0	0	0	0	0	0	0	0	0
$501 - 1,000	0	0	0	0	1	0	0	0	0
$201 - 500	1	1	1	1	1	1	1	1	1
$51 - 200	1	1	2	1	1	1	1	1	1
± $50	83	86	76	80	82	79	81	86	74
BEOG > IRS									
$51 - 200	3	3	4	3	3	3	3	3	4
$201 - 500	4	3	6	4	3	4	4	3	7
$501 - 1,000	4	3	7	6	5	6	5	3	7
$1001 - 2000	3	3	4	5	4	6	4	3	5
TOTAL N =	173142	123334	49808	34246	9705	24541	154140	99286	54854

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE C.6: DISCREPANCIES FOUND IN PAYMENT AFTER CORRECTION MADE: NON-RECIPIENTS

DISCREPANCIES IN PAYMENT	AGI WAS CORRECTED			TAXES PAID WAS CORRECTED			HOUSEHOLD SIZE WAS CORRECTED		
	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %	Total %	Solicited %	Unsolicited %
IRS > BEOG: $1,001 - 2,000	1	1	1	1	1	1	1	1	1
$501 - 1,000	1	1	1	1	1	1	1	1	1
$201 - 500	1	1	1	1	1	1	1	1	2
$51 - 200	1	1	1	1	1	1	1	1	1
• $50	86	86	85	79	83	77	85	86	84
BEOG > IRS: $51 - 200	2	2	1	2	2	2	2	2	1
$201 - 500	3	3	4	5	5	5	4	4	4
$501 - 1,000	2	2	3	4	2	5	3	2	3
$1001 - 2000	3	3	4	6	4	7	3	3	4
TOTAL N =	104512	78877	25635	23774	7581	16193	90861	64754	26107

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE C.7: THE ACCURACY OF DATA RE-SUBMITTED BY RECIPIENTS AND NON-RECIPIENTS RECEIVING REJECTION COMMENTS

RECIPIENTS

	Received Comment Total	NET SEI Discrepancy		Re-entered System Total	Re-entered and Field(s) Unchanged		Re-entered and Field(s) Changed	
		At Comment	At Latest Transaction		Total %	Net SEI Discrepancy	Total %	Net SEI Discrepancy
Adjusted Gross Income Rejection Comments	176020	237	108	99.97%	9.33%	75	90.64%	112
Taxes Paid Rejection Comments	176020	237	108	99.97%	9.33%	75	90.64%	112
Household Size Rejection Comments	3186	224	123	100%	0.81%	561	99.18%	120

NON-RECIPIENTS

	Received Comment Total	NET SEI Discrepancy		Re-entered System Total	Re-entered and Field(s) Unchanged		Re-entered and Field(s) Changed	
		At Comment	At Latest Transaction		Total %	Net SEI Discrepancy	Total %	Net SEI Discrepancy
Adjusted Gross Income Rejection Comments	181024	331	201	94.86%	7.20%	61	87.65%	207
Taxes Paid Rejection Comments	181024	331	201	94.86%	7.20%	61	87.65%	207
Household Size Rejection Comments	4077	255	170	94.97%	28.84%	381	66.12%	70

APPENDIX D

DETAILED IRS/BEOG DISCREPANCIES
BY FIELD FOR PAV APPLICATIONS

TABLE D.1: DISCREPANCIES IN ADJUSTED GROSS INCOME BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS

	DISCREPANCIES IN ADJUSTED GROSS INCOME	TOTAL PAV APPLICANTS			PAV RECIPIENTS		
		TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	$5,001 +	9	8	10	6	6	8
	$2,001 - 5,000	3	3	6	2	2	5
	$1,001 - 2,000	3	1	5	2	1	5
	$501 - 1,000	2	2	4	2	1	4
	$201 - 500	2	2	3	2	2	3
	$51 - 200	3	2	3	3	2	3
	± $50	71	75	61	76	80	65
BEOG > IRS	$51 - 200	1	1	1	1	1	2
	$201 - 500	1	1	1	1	1	1
	$501 - 1,000	1	1	1	1	1	1
	$1,001 - 2,000	1	1	1	1	1	1
	$2,001 - 5,000	1	1	1	1	1	1
	$5,001 +	1	2	0	1	2	0
	N =	150,290	111,133	39,157	108,236	83,171	25,065

TABLE D.2: DISCREPANCIES IN ADJUSTED GROSS INCOME BY BEOG-REPORTED INCOME RANGES: TOTAL PAV APPLICANTS

DISCREPANCIES IN ADJUSTED GROSS INCOME	BEOG REPORTED ADJUSTED GROSS INCOME: Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
IPE > BEOG: $5,001 +	35	8	6	7	7	5	5	2	2	9
$2,001 - 5,000	12	3	3	2	2	2	2	2	2	3
$1,001 - 2,000	8	5	3	2	2	2	1	1	1	3
$501 - 1,000	4	5	3	2	2	1	1	1	2	2
$201 - 500	3	5	3	2	2	2	2	2	3	2
$51 - 200	2	4	4	3	2	3	3	3	4	3
± $50	31	64	70	74	77	79	79	82	78	71
$51 - 200	1	2	2	1	1	1	1	1	2	1
$201 - 500	1	2	2	1	1	1	1	1	2	1
$501 - 1,000	.4	1	1	1	1	1	1	1	1	1
$1,001 - 2,000	.3	1	1	2	1	1	1	1	1	1
$2,001 - 5,000	1	.3	1	2	2	1	1	1	1	1
BEOG > IPE: $5,001 +	1	.2	.3	1	1	2	2	2	2	1
TOTAL N =	16,623	6,871	15,344	20,626	33,886	11,564	10,146	23,121	12,030	150,290

D.2

TABLE D.3: DISCREPANCIES IN FEDERAL INCOME TAX BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS

DISCREPANCIES IN IRS TAX PAID	TOTAL PAV APPLICANTS			PAV RECIPIENTS		
	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG						
$5,001 +	1	1	0	1	1	0
$2,001 - 5,000	2	3	2	2	2	1
$1,001 - 2,000	2	2	2	2	2	2
$501 - 1,000	2	2	2	2	2	2
$201 - 500	3	3	3	2	2	3
$51 - 200	3	3	3	3	3	3
± $50	74	74	74	78	78	79
BEOG > IRS						
$51 - 200	4	4	6	4	4	5
$201 - 500	4	4	5	3	3	4
$501 - 1,000	2	2	1	2	2	1
$1001 - 2000	1	1	0	1	1	0
$2,001 - 5,000	0	0	0	0	0	0
$5,001 +	0	0	0	0	0	0
TOTAL	150,290	111,133	39,157	108,236	83,171	25,065

TABLE D.4: DISCREPANCIES IN FEDERAL INCOME TAXES: TOTAL PAV APPLICANTS

DISCREPANCIES IN IRS TAX PAID	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
$5,001 +	1	0	0	1	1	1	1	0	0	1
$2,001 - 5,000	5	2	2	2	3	2	2	2	2	2
$1,001 - 2,000	6	2	1	2	2	3	3	2	2	2
$501 - 1,000	4	1	1	2	2	2	3	2	2	2
$201 - 500	5	2	1	4	3	2	3	2	3	3
$51 - 200	4	1	3	4	4	3	3	3	4	3
+ $50	67	81	79	74	72	73	74	77	72	74
$51 - 200	3	8	6	4	4	4	4	3	5	4
$201 - 500	2	3	6	5	5	5	4	3	3	4
$501 - 1,000	1	0	0	2	3	3	3	2	2	2
$1001 - 2000	0	0	0	0	1	2	2	3	3	1
$2001 - 5000	0	0	0	0	0	0	0	1	1	0
$5001 +	0	0	0	0	0	0	0	0	0	0
TOTAL	16623	6871	15344	20626	33886	11564	10146	23121	12030	150290

IRS < BEOG

IRS > BEOG

D.4

TABLE D.5: DISCREPANCIES IN HOUSEHOLDS SIZE BY DEPENDENCY STATUS FOR PAV APPLICANTS AND RECIPIENTS

DISCREPANCIES IN HOUSEHOLD SIZE	TOTAL PAV APPLICANTS			PAV RECIPIENTS		
	TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG: 4 and over	0	0	0	0	0	0
3	0	0	1	0	0	1
2	1	1	2	1	1	1
1	5	4	7	5	4	6
0	66	61	80	68	64	82
BEOG > IRS: 1	17	21	6	17	20	6
2	6	7	2	5	6	2
3	2	3	1	2	2	1
4 and over	2	2	1	2	2	1
N =	150,290	111,133	39,157	108,236	83,171	25,065

TABLE D.6: DISCREPANCIES IN HOUSEHOLD SIZE: TOTAL PAV APPLICANTS

DISCREPANCIES IN HOUSEHOLD SIZE	BEOG REPORTED ADJUSTED GROSS INCOME: Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
4 and over	1	0	0	0	0	0	0	0	1	0
3	1	0	1	0	0	0	0	0	0	0
2	3	1	1	1	1	1	1	1	1	1
1	10	4	5	5	5	4	4	3	3	5
0	62	79	74	65	62	65	66	69	66	66
1	14	9	11	17	19	19	19	18	20	17
2	5	3	4	6	7	6	6	5	6	6
3	2	2	2	3	3	3	2	2	2	2
4 and over	3	1	2	2	2	2	2	2	2	2
TOTAL	16,623	6,871	15,344	20,626	33,886	11,564	10,146	23,121	12,030	150,290

IRS > BEOG

BEOG > IRS

TABLE D.7: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES BY DEPENDENCY STATUS FOR PAW APPLICANTS AND RECIPIENTS

	ELIGIBILITY INDEX DISCREPANCIES	TOTAL PAW APPLICANTS			PAW RECIPIENTS		
		TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	800	6	4	12	4	3	9
	501 - 800	2	2	2	1	1	2
	201 - 500	3	3	3	2	2	2
	51 - 200	4	4	4	3	3	4
	± 50	81	83	76	86	87	80
BEOG > IRS	51 - 200	2	2	2	2	2	2
	201 - 500	1	1	1	1	1	1
	501 - 800	1	1	1	0	1	0
	800	1	1	1	0	1	0
	N =	150,290	111,133	39,157	108,236	83,171	25,065

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE D.8: DISCREPANCIES IN STUDENT ELIGIBILITY INDICES SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY BEOG-REPORTED INCOME RANGES: TOTAL PAV APPLICANTS

ELIGIBILITY INDEX DISCREPANCIES	BEOG REPORTED ADJUSTED GROSS INCOME									
	Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
BEOG INDEX > IRS: 800	24	7	7	6	5	3	2	1	1	6
501 - 800	5	2	1	2	2	2	1	1	1	2
201 - 500	5	2	3	3	3	3	3	2	2	3
51 - 200	4	2	3	4	5	5	5	4	5	4
± 50	62	86	84	82	81	82	83	87	87	81
IRS > BEOG: 51 - 200	1	1	1	2	3	3	3	2	3	2
201 - 500	0	0	1	1	1	2	2	1	2	1
501 - 800	0	0	0	1	1	1	1	1	1	1
801	1	0	1	1	1	1	1	1	1	1
TOTAL	16,623	6,871	15,344	20,626	33,886	11,564	10,146	23,121	12,030	150,290

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE D.9: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA BY DEPENDENCY STATUS: PAW APPLICANTS AND RECIPIENTS

	DISCREPANCIES IN PAYMENT	TOTAL PAW APPLICANTS			PAW RECIPIENTS		
		TOTAL %	DEPENDENT %	INDEPENDENT %	TOTAL %	DEPENDENT %	INDEPENDENT %
IRS > BEOG	$1,001 - 2,000	0	0	0	0	0	0
	$501 - 1,000	0	0	0	0	0	0
	$201 - 500	1	1	1	0	1	0
	$51 - 200	1	1	1	1	1	1
	± $50	87.10	88.63	82.76	90.15	91.39	86.91
BEOG > IRS	$51 - 200	2	2	2	2	2	2
	$201 - 500	3	3	3	2	2	2
	$501 - 1,000	3	2	4	2	2	4
	$1001 - 2000	3	2	5	2	1	3
	N =	150290	111133	39157	108236	80171	28065
	NO CHANGE	83%	84%	81%	88%	87%	84%

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.

TABLE D.10: DISCREPANCIES IN PAYMENT SUBSTITUTING IRS DATA FOR BEOG-REPORTED DATA: TOTAL PAV APPLICANTS

DISCREPANCIES IN PAYMENT SUBSTITUTING IRS for BEOG-REPORTED DATA	BEOG REPORTED ADJUSTED GROSS INCOME: Less than $1000 %	$1000-1999 %	$2000-3999 %	$4000-6999 %	$7000-12499 %	$12500-14999 %	$15000-17499 %	$17500-25000 %	$25000- and above %	TOTAL %
$1,001 - 2,000	0	0	0	0	0	0	0	0	0	0
$501 - 1,000	0	0	0	0	0	0	0	1	1	0
$201 - 500	0	0	0	1	1	1	1	1	1	1
$51 - 200	0	0	0	1	1	1	2	2	2	1
± $50	70.0	89.7	89.7	88.0	88.4	89.8	88.8	90.7	90.2	87.1
$51 - 200	2	1	2	2	2	2	3	3	3	2
$201 - 500	7	2	2	3	2	2	2	2	2	3
$501 - 1,000	9	3	3	3	2	2	2	1	0	3
$1001 - 2000	12	4	3	3	2	1	1	0	0	3
N - TOTAL	16623	6871	15344	20626	33886	11564	10146	23121	12030	150290
NO CHANGE -	69%	89%	88%	85%	84%	84%	83%	84%	83%	83%

BEOG < IRS

BEOG > IRS

NOTE: Only IRS data on adjusted gross income and Federal taxes substituted for BEOG-reported data.